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7 JANUARY 1987

# Latin America Report

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7 JANUARY 1987

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PMDB PRESIDENT GUIMARAES DISCUSSES PARTY OBJECTIVES

PM040935 Barcelona LA VANGUARDIA in Spanish 20 Nov 86 p 4

[Joaquim Ibarz dispatch: "Guimaraes: 'Either We Change or We Will Be Changed'"]

[Text] Sao Paulo--"What won in these elections was the need to bring the real Brazil closer to the legal Brazil. What really wins is the need for the state and the Constituent Assembly to fill the existing areas in which there is no legal or social order. There is only chaos there. There is no law where poverty reigns," stated the chairman of the Party of the Brazilian Democratic Movement (PMDB)--the center left political grouping which literally swept the board in the recent legislative and constituent elections, establishing itself as one of the main parties of the democratic world.

Ulysses Guimaraes stated with undisguised satisfaction that Brazil is moving smoothly toward a stable democracy and that the Constituent Assembly which emerged from the polls will adopt a progressive stance, responding to the winds of change which the nation demands.

In the PMDB chairman's opinion, the great event of these elections was the fact that the Brazilians discovered and joined in political life. He asserted that he has found that it is the poorest who are aware of and practice politics most; he remarked that, for instance, "in Sao Paulo the shantytown areas are more politicized than the residential areas."

Although he admitted that the major national issues which the Constituent Assembly will have to debate and take up were relegated during the campaign because of local party conflicts, Guimaraes stressed that the PMDB had been preparing the drafting of the new constitution during the 20 years it was struggling against the military regime. He does not fear that the Constituent Assembly will adopt a conservative stance, because, according to what he stated, "the PMDB was an opposition front to the military regime which has become a progressive party." Slightly raising his voice, he added: "I guarantee that the Congress will favor the changes and approve a modern constitution, paving the way for the social and political transformations which the country needs."

Ulysses Guimaraes said clearly that the reactionary forces which are opposed to the country's progress were resoundingly defeated in these elections. "The advocates of ultraconservatism had their swan song: If the country changed, the government must change."

Fully recovered from the health problems which beset him for months and burned by the sunshine in the public squares of the 23 Brazilian states he visited during the campaign, Ulysses--as he is popularly known throughout the country, without the surname--is confident that the Brazil which was hitherto gagged will awaken over the next few decades.

He rejected outright the suggestion that the enormous power accumulated by the PMDB in winning 20 governorships and an absolute majority in both houses will enable him to exercise a kind of parallel presidency to that of Jose Sarney.

"I am not a joint president. I reject any attempt at rivalry which could be established between the president and myself. Sarney is the president of the republic and I am the chairman of the largest Brazilian party. Sarney and I are indissolubly united."

Joint president of Brazil whether or not he likes the term, Guimaraes is already thinking about the presidential race. He is not a charismatic man, as he himself acknowledges, although everybody esteems him and regards him as one of the few honest politicians.

#### Length of Term

Asked whether the PMDB will reduce Sarney's 6-year term to 4 years, in accordance with the new Constituent Assembly, he replied cautiously: "Sarney is exercising the presidency. I find the 6-year period very long, but we--and I say we because I include the government and the PMDB--inherit a very difficult situation from the social viewpoint. More difficult than to kill the monster is to remove his remains. We are now seeking to clean up those remains. The Constituent Assembly will set the length of the presidential term, including Sarney."

Guimaraes added that he deems it inadvisable to mobilize the country now in order to limit the president's term. "It would mean breaking with the Cruzado Plan. We have other, more important priorities, such as combating hunger." Guimaraes asserted that the presidentialist system is better for Brazil than the parliamentary system, in order to prevent the party struggle from coming to paralyze the government.

"I will advocate that the Constituent Assembly establish the presidentialist system, which I clearly back. The way to temper the advantages of presidentialism is to reduce the term. Our tradition is 4 years. I am opposed to 6 years, just as I am opposed to reelection."

[Ibarz] Will the ruling Democratic Alliance survive the elections? There is already talk of the formation of a "Sarney's party..."

[Guimaraes] You know that there is no government which does not wish to broaden its bases of support, and we are not opposed to that. The PMDB will hold the majority of the seats, and the other component of the alliance--the Liberal Front Party--will total from 80 to 100 deputies. But the Sarney government's center of gravity and its mainstay will remain the PMDB.

[Ibarz] Do you not believe that story about "Sarney's party"?

[Guimaraes] No. Sarney is no fool. He knows what it takes to organize a party. He knows it because he was chairman of one. That has no likelihood of working. So far, and I hope that it will remain so, we are well and truly married to the president, as in a husband and wife situation, each in charge in his own field.

[Ibarz] Have you now decided, in accordance with what is heard on the streets, to put forward your candidacy to succeed Sarney?

[Guimaraes] No, not yet. For the present that is what other people are saying. I have made no pronouncement as yet. I am saying nothing. This must be resolved at the right moment. In politics it is very difficult to make a forecast on a matter of this kind. There are many factors which could affect that decision. [answer ends]

He continued by saying that henceforth he will devote himself completely to drafting the constitution, "which is the greatest task a party can be given."

[Ibarz] What are the main changes which your party will promote?

[Guimaraes] The main task will be the involvement in civilization of about 35 million underprivileged people--illiterates, people without homes, medicines, transportation, or food. The great challenge is to have a growth in GDP of 7-8 percent, without this having a social cost. Another important change will be a better distribution of income.

[Ibarz] If the Cruzado Plan fails, would you glimpse on the horizon the danger of an institutional regression, with the military's return to power?

[Guimaraes] The failure of an economic plan should not be an invitation for the military to undertake another adventure. Their experience was so disastrous that I do not believe that they wish to return. In any event, I can see no conditions for the Army to set itself against society again. [answer ends]

#### Greatest Disappointment

Guimaraes made an interpolation to state that the greatest disappointment of his 40 years of political life was the military coup of 31 March 1964.

"It was a very bitter and painful experience. I still remember very clearly the prisoners, the torture victims, the dead, and the missing people."

[Ibarz] With its increasing and enormous power, could the PMDB become a Mexican PRI?

[Guimaraes] We believe deeply in the democratic system, for which we have struggled for many years. Our ambition is not to perpetuate ourselves in power but to promote change.

[Ibarz] Will Brazilian democracy become stabilized with the promulgation of the new constitution?

[Guimaraes] With the constitution the transition which began with the election of Tancredo Neves will be completed. Brazil will enter a stage of consolidated democracy. The experience of the dictatorship is frustrating. Even many military personnel have unhappy memories of it. Now, if the government does not work, the people install another government. The great stabilizing factor of democracy will be the people.

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CSO: 3348/129



EFFECT OF CURRENCY STABILIZATION ON MONEY MARKETS

Sao Paulo MOEDA E FINANÇAS in Portuguese Sep 86 pp 55-56

[Article by Roberto Teixeira da Costa]

[Text] Even at the risk of making hasty judgments, I believe it is important at this point in time to set down some thoughts concerning the impact of the monetary stabilization program on the behavior of the capital markets--more specifically, its effect on investment. Therefore, I am listing some of the points that appeared most striking to me under the present circumstances:

1. Certainly the monetary stabilization program tends to be a highly relevant factor in the resumption of the pace of investment in Brazil.
2. Historically, high rates of inflation have greatly inhibited investments; the Brazilian case is proof of this.
3. It is well to remember, too, that the guarantee provided by the crawling-peg method of adjusting currency value--rather, the existence of indexed securities--always resulted in stiff competition in order to make a larger portion of individual or corporate savings willing to assume risks when their inclination was to prefer the comfort of the indexed fixed-yield securities, whether public or private. Even though we may continue having, or may see real interest rates in the foreseeable short-run future, even so, in nominal terms, those gains will come to appear much less attractive to the investor, and this will spur a shift of savings to the variable-yield securities.
4. Therefore, once the period of adjustment to the economic and financial stabilization program has passed (in about two months, I would say), the scenario that we glimpse on the horizon favors renewed interest in investments. We should be able to see this picture more clearly during the second half of the year.
5. I believe that Brazilian groups will be the first to resume these investments, since it is more likely that action by foreign investors will begin to be felt starting in 1987. They need more time to evaluate the results of the program: how the pricing policy will work (no one will invest when prices are fixed) and the results of the November elections.

6. These investments will be selective and will focus mainly on areas where idle capacity is being absorbed or in areas that have already been receiving some degree of investor preference, such as electronic data processing, chemicals, electronics--or perhaps in other areas where the "package" of economic measures has left a favorable balance in terms of growth potential. In general, it is legitimate to expect greater investment in the primary and secondary sectors of the economy because of the perceived loss of profitability for the tertiary sector (finance and commerce.)

7. The behavior of the stock market over the short/medium term is likely to show more stability; therefore, prices will be less volatile once the period of adjustment to the cruzado has passed. The publicly-held companies whose stock is traded on the market are, obviously, going to be affected in different ways by the adaptation to the new currency and to the stabilization program. Although companies that are financially indebted have suffered the effects of the elimination of profits that were due to inflation, in the medium or long run they will benefit. Thus, despite the fact that there is nothing new in the way of immediate results, the situation should improve for them. Those companies that depended heavily on financial earnings in the past will have to be reevaluated and probably are going to be more encouraged to invest, because idleness in the cash accounts will not produce income as in the past.

One thing seems certain: the returns (rate of yield) of companies in terms of their net worth ought to approach international levels (between 10 and 15 percent, I would say). This being the case, we should follow closely the closing of the financial statements in cruzeiros and their opening in cruzados to see how they will impact differently on the publicly-held companies from the accounting standpoint. We must then study how the different companies are going to be affected by the price freeze during that first period of the program and what "fat" they have available to help them survive it. It is obvious that, since prices were not aligned under the inflation of the past, the program affects each sector and each company within a sector differently. So I think that in the short run, before it enters a new cycle of greater stability, the stock market will have to reflect that situation in its evaluation of the publicly-held companies.

8. The attitude of the investor in the stock market is also changed by this new context. I don't believe that in making his moves he should continue to center his attention exclusively on the expectation of short-term results, i.e., on realizing capital gains; rather, he should evaluate the return on investment over the medium-and long-term. This means that the precepts of a fundamentalist analysis ought to be revived.

9. If that comes to pass, then the cash dividend will once again play a most vital role in the relationship between the company and its shareholders; I believe that the era of the stock splits that flooded the market with paper has passed. In fact, it would be most logical at this point to do just the opposite--to consolidate shares. In my opinion, this would help make the market less volatile. In no event would I support a proposal to establish limits on the rise or fall of prices on the stock market.



10. We do not believe that the policy of opening up company capital, which was resumed in 1984, will be interrupted. The profit/loss levels on the stock exchange will probably be higher than their historical levels. This would stimulate the opening of capital to public ownership.

11. In an investment equation it is feasible to predict, once again, that companies will consider loans as a way of setting up their investment program, particularly in cruzeiros, depending on interest rate levels.

12. The incentive for rationality, productivity, and the review of costs assumes a highly significant role in the publicly-held companies, as well as in those that are privately held, and not just in those sectors that are most directly affected.

13. The level of competition on the capital markets tends to increase when the protagonists of the financial markets move over to the capital markets. I believe, therefore, that investors will be getting better service.

14. In this new context of stabilization, and once the readjustment phase to which we have referred has passed, it begins to seem to us that mutual funds whose investment portfolio has been recycled to suit this new situation will be a good investment option.

15. There is a tendency to favor activity in risk capital companies such as Brasilpar, increasing the critical mass of businessmen willing to develop investment projects within a scenario of grated stability, provided that profit-making is not banned from our society.

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MOSCOW: PINOCHET MANEUVERS TO KEEP POWER

PY272330 Moscow in Spanish to Chile 2130 GMT 26 Nov 86

[Text] A political plan to keep Pinochet in power until 1989 is under way. One of the plan, the designer Gilberto Belinger, has said that he is not in a hurry for transition. This issue is analyzed in an editorial in the EL SIGLO newspaper, published in Santiago.

The center-right parties have been gradually retreating from their positions on the dictatorship. They have forgotten about the transitional government and the Constituent Assembly, and they no longer promote the slogan "Democracy, now." This demonstrates utter ignorance about the nature of fascism. It is unforgivable and incomprehensible that anyone should continue to believe that it is possible to progress toward democracy without struggle and sacrifice.

The recent elections at the universities have shown that the most advanced and militant opposition, including the Popular Army, Christian Left, MAPU [United Popular Action Movement], and Radical Revolutionary Youth, cannot be excluded from any process that might lead true democratization in Chile. It was also demonstrated at the universities that the policy of excluding the communists has no future.

Those were excerpts from an editorial in the last issue of the EL SIGLO newspaper, which we will now read to you in full.

A political plan aimed at keeping Pinochet in power until 1989 is under way, based on the 1980 fascist Constitution. This plan will attempt to drive a wedge between the leftist opposition and the center-right opposition, leading the latter into a shameful commitment with the dictatorship. Other methods of achieving the objective will be to head off social mobilization, to induce the Socialist Party to take conciliatory positions, and to isolate the Communist Party. One of the designers of this plan, Gilberto Belinger, has openly told EL MERCURIO in an article published on 9 November, that he is in no hurry for a transition to democracy. As far as I am concerned, Belinger said, the dates have very little significance. His frankness must be recognized.

The true and grave fact, according to the EL SIGLO editorial, is that there are other idiot politicians who think like bourgeois and believe the same way. These are insensitive people who do not get close enough to the shantytowns where the people live and suffer to see the hungry, unemployed, young prostitutes, and beggars. These people are indifferent to the massive searches, arbitrary arrests, infamous torture, exile, and similar evils affecting many Chileans nowadays. We, on the other hand, shout as loud as we can that the people are no longer in a mood to wait with folded arms, and to postpone everything until 1989.

The EL SIGLO editorial goes on to say that the plan fits in with the policy of U.S. imperialism expressed publicly and privately by Department of State spokesmen. Formulation of this plan began immediately after the 2-3 July stoppage, which made it apparent that the dictatorship could be brought down by the struggle of the masses expressed in its most varied and militant forms, as well as by the concerted struggle of all leftist, centrist, and rightist opposition forces.

At that time, someone by the name of Robert Gelbard showed up in Chile. He is the U.S. Deputy Assistant Secretary of State for American Republic Affairs. He urged the Pinochet regime to seek understanding with the bourgeois opposition. In turn, Gelbard, recommended that the bourgeois opposition abandon the path of social mobilization and conciliation with the communists. Patronizingly, Gelbard, in passing, reprimanded the parties of the Democratic Alliance in a public statement, which we quote: Those who lend legitimacy to the communists and other extremists are not contributing to the stabilization and democratization of Chile.

At the OAS assembly in Guatemala recently, Gelbard was able to say: We are happy with what is happening in Chile. His remark referred to the fact that center-right parties have been abandoning, one after the other, their positions on the dictatorship. They have forgotten about the transition government and the Constituent Assembly, and they no longer promote the slogan, "Democracy, now," and civil disobedience. They have stopped speaking about creating a state of ungovernability, and calling for indefinite stoppages. They do not even mention nonviolent activism, limiting themselves to giving lip service to social mobilization. They have set aside the document entitled Chile Demands, and have relegated the National Civil Assembly to minor status.

All this amounts to a policy of reconciliation with the Pinochet dictatorship, which is exploiting the weakness of the center-right opposition, pushing it closer to unconditional surrender. The designers of the plan we are denouncing contend that the only realistic road to democracy is to recognize the fascist 1980 Constitution, agreeing to reform it on two or three points, renouncing any joint action with the Communist Party and the Popular Democratic Movement, removing both of them from the allegedly democratic project.

On that basis, the designers of the plan want the center-right opposition to engage in dialogue with the sector of the Armed Forces that opposes the continuation of the regime, to which the center-right will defer the decision to designate an alternative candidate for the nation's presidency. The truth is that this plan, the EL SIGLO editorial says, will not lead to a true transition to democracy, but to favoring the ambitions of Pinochet or, as a last resort, to merely replacing the dictators, leaving intact the tyranny's support and the interests of imperialism and the oligarchy.

As the Communist Party said in its October declaration, Pinochet will never accept any dialogue that is not intended to gain him time in order to hold on to power until 1989, and then until 1997. To retain power, Pinochet could even stage a coup against the Air Force, the Navy, and the Carabineros Corps, to put, Matthei, Merino, and Stange out of the way, should they continue to think that elections can be held in 1989.

Those who still believe that it is possible to attain democracy without struggle and without the people's unity show an extreme ignorance about the nature of fascism and an unforgivable naivete regarding the dictator's character. Struggle and unity constitute the only key for a solution to our situation.

Tyranny will only end in one way or another through the creation of a state of national mobilization, civil disobedience, rebellion, and ungovernability. Only the paralyzation of the country, and permanent, ever increasing, and multiple forms of struggles of the masses will end the tyranny. This is the only manner by which a fruitful dialogue with the Armed Forces will be established. This is the only realistic policy that will lead the country to a transition from dictatorship to democracy.

The student elections have demonstrated that in the universities, like in the rest of the nation, the opposition forces represent the large majority of the people, and that there is practically no organized student sector that dares to defend the dictatorship.

The student elections also demonstrate that the most progressive and aggressive opposition represented by the Popular Democratic Movement [MDP], the Christian Left, the MAPU, and the Revolutionary Radical Youth, as expressed in the MMP-Christian Left document issued a few weeks ago, constitute a considerable force that cannot be excluded from any process that intends to bring a real democracy to the country.

The student elections have clearly demonstrated that the policy of excluding and isolating the Communists, as implemented by some leaders of the Christian Democratic Party, the Radical Party, the Socialist Party, and the Democratic Alliance [AD], has no future.

The Communists not only sided with their own MDP allies, but also with other leftist currents, including the youth sectors of the parties that make up the AD. On the other hand, it is useless to force the Socialist Party, headed by

Comrade Clodomiro Almeyda, to give up its revolutionary positions. The effort of some bourgeois politicians in embracing some Communist Party betrayers is also useless.

The events have repeatedly demonstrated that there are two well-defined sectors in the broad spectre of the opposition: an authentic leftist one, and another one which we qualify as center rightist, although some of its members have leftist pasts or attitudes.

Reason and logic demonstrate that an understanding and a common action between the two opposition sectors as well as the decided mobilization of the masses is the only way to reach a political solution that will end the tyranny and establish a new democratic regime. However, it is a fact that reason and logic do not always triumph in politics. Usually, class interests and prejudices prevail over reason and logic.

Contrary to what the enemies of the Communists say, the Communists have never rejected a political solution even if it meant accepting a democratic military regime. The only sure thing is that the Communists do not believe that a solution will be achieved without struggle. The Communists reject the acquiescent compromises always made against the people without their knowledge.

Under these circumstances, the great task of achieving the unity of all the democratic forces without exclusions and of openly struggling against the tyranny is in the hands of the working class, the people, the leftist political parties, and the decided enemies of the dictatorship who can also be found among the center right opposition.

The Chilean people can and must conduct the future events through the path of struggle and unity. This is the only path that may lead it to the true victory of democracy over fascism.

We call on all the sensible democrats and revolutionaries of all tendencies to decidedly promote, at all levels, small and great battles for bread, work, justice, freedom, and for democracy now. These forces together are capable of defeating the submissive tendencies, of strengthening the path of social mobilization, and of the decided struggle against this disgraceful dictatorship that is oppressing our people and to thus bring nearer the day of our victory.

We have read the text of the editorial published in EL SIGLO newspaper currently circulating in Chile.

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CSO: 3348/131

IAPA DELEGATION SCORES LACK OF PRESS FREEDOM

PY012021 Paris AFP in Spanish 1934 GMT 28 Nov 86

[Text] Santiago, 28 Nov (AFP)--An Inter-American Press Association [IAPA] delegation today concluded a 4-day visit to Santiago convinced that there is no freedom of expression in Chile.

The closing of five opposition magazines, the murder of reporter Jose Carrasco, and the state of siege implemented on 7 September 1986 by the government of General Augusto Pinochet are the conflictive factors that IAPA assessed at its recent meeting in Vancouver (Canada).

At that meeting, the owners of Latin American newspapers felt that there are no guarantees in Chile regarding freedom of the press and agreed to send a delegation to Santiago to prepare a new report.

We do not think that this report will change the analysis IAPA presented in October 1986, Argentine Raul Kraiselburd stated. Kraiselburd is a member of the delegation and vice president of the IAPA Executive Committee.

After the meetings that the delegation held with the government secretary general, leaders of the Chilean reporters association, and leaders of the national press association, Kraiselburd, who is a representative of the newspaper EL DIA of La Plata, added that there can be no freedom of the press without democracy.

In addition to Kraiselburd, the IAPA delegation included Wilbur Landrey, chairman of the IPAPA Committee for Freedom of the Press, Anthony Day, Roberto Eisemann, Miguel Otero, and Luis Santos.

At a press conference, the IAPA delegation members explained that they have records of the hostile position of the Chilean authorities toward foreign correspondents and news agencies, which are accused of distorting the image of the military regime abroad.

We have heard this opinion, they stated, but we feel that the best way to avoid distortions is to open up access to news sources to all correspondents.



Governments feel attacked when reporters fulfill their task of informing, they added.

Government Secretary General Francisco Javier Cuadra has stated that at the meeting he held with the visitors he explained the closing of the five magazines and expressed the authorities' desire to resolve as soon as possible the murder of reporter Jose Carrasco on 8 September 1986.

Carrasco was international editor of the leftist weekly ANALISIS, which was closed by the government after the imposition of the state of siege along with the magazines APSI, CAUCE, FORTIN MAPUCHE, and LA BICICLETA.

Cuadra did not say whether the government intends to lift the restriction on these magazines, although some reliable sources have reported that some of the closed magazines will be authorized to return to circulation in the beginning of December.

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CSO: 3348/131

500 POLITICAL PRISONERS BEGIN HUNGER STRIKE

PY022102 Madrid EFE in Spanish 1649 GMT 2 Dec 86

[Text] Santiago, 2 Dec (EFE)--The Association of Relatives of Political Prisoners (AFPP) has reported that about 500 political prisoners confined in 32 Chilean penitentiaries early this morning began an indefinite hunger strike.

The AFPP explained that this is an act of protest against the death sentences recently handed down by the military courts against Carlos Araneda, Jorge Palma, and Hugo Marchant, all members of the Movement of the Revolutionary Left (MIR), who were charged with the killing of General Carol Urzua and his two bodyguards in August 1983. With their strike, the detainees, who consider themselves "political prisoners" while the government calls them "subversive criminals," also seeks to expedite the proceedings which are pending and to protest the effectiveness of decree-law 504, which permits the commutation of imprisonment to exile.

According to the AFPP, the prisoners are also demanding that they be separated from common criminals, that they be redistributed by regions, and that their right to receive medical care, which has been offered to them by the Red Cross and several other humanitarian organizations, be recognized.

According to the AFPP, the hunger strike, during which the political prisoners will only take liquids, has received the support of organizations such as the Chilean Human Rights Commission (CCHDH), the Vicariate of Solidarity of the Catholic Church, and the Committee for the Defense of People's Rights (CODEPU).

The striking prisoners have also received various messages of solidarity from abroad such as the Ribeirao Preto City Hall in Brazil, the [Chilean] Exiles Committee in France, the committee of support for political prisoners in Belgium, and the Committee for the People's Rights in Geneva.

In a call to press media in Santiago, an anonymous caller from the Manuel Rodriguez Patriotic Front (FPMR), which is the armed branch of the Chilean Communist Party [PCCH], expressed the FPMR's support and solidarity with the protest of the political prisoners.

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CSO: 3348/131



CHILE

ATTACK ON CNI BUILDING COMMUNIQUE

PY101518 Santiago Domestic Service in Spanish 2200 GMT 9 Dec 86

[Text] The terrorist killed on the night of 8 December in a frustrated attack on a CNI [National Intelligence Center] building in Santiago, has been identified as Marcelo Carol Marchandom Valenzuela, 29.

A communique issued by DINACOS [Government Social Communications Directorate] reports that Marchandom was killed at 2250, when CNI personnel repelled an attack on a CNI building on Santa Maria Avenue.

A CNI patrol was on duty when it spotted two individuals behaving suspiciously on the corner of Borgono and Ibanez Streets. Once they realized they were being watched, the individuals fled after one of them threw a hand grenade at the CNI vehicle while the other subversive started to shoot at the CNI patrol with a pistol. No CNI agents were wounded.

In view of this, the CNI agents were forced to use their guns. In the shootout that ensued, the individual who fired at the patrol was killed. The subversive who threw the hand grenade was able to escape but there is evidence that he was wounded.

The terrorist who was killed has been identified as Marcelo Carol Marchandom Valenzuela. Police found he had a 7.65-mm Jama pistol, four detonators, 1 meter of fuse, 1 meter of detonating cord, and a map of that area of the city. He had been arrested by the Carabineros on 1 May 1978 on charges of participating in subversive actions. It was learned that he was the head of a Santiago Norte communist party subversive group.

It was also learned that the other terrorists fled in two cars after the frustrated attack on the CNI building.

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CHILE

BROTHER OF 'ABDUCTED' WORKER DENIES CNI CHARGES

PY110155 Santiago Radio Chilena in Spanish 2200 GMT 10 Dec 86

[Excerpts] Hector Marchandon, a brother of worker Marcelo Marchandon Valenzuela, 27, has said that Marcelo has been missing since 5 December, when he was presumably abducted as he was going to work to collect his salary. The worker was killed in an alleged clash with CNI [National Intelligence Central] agents.

Marchandon's brother dismissed as absolutely false the charge that his brother was an extremist.

[Begin recording] This is not true, because on 5 December my brother went to the construction company where he worked to receive his salary. He and I were going to work. I was going to walk, that is, I... [speaker hesitates] I was going later, because he left earlier. I went by bicycle, but he did not show up. This happened on 5 December. On 6 December, a young man came to our house to tell us that my brother was fine, that he went to a resort and that everything was fine with him. He told my mother she should not worry about my brother. [end recording]

The worker added that the man who went to his house was dressed in casual clothes and that he was completely unknown to the family. Hector added that even though the information provided by the man calmed his parents, he was concerned because he could not understand why his brother traveled to a resort with nothing but the clothes he was wearing and with no money, because he did not collect his salary.

Hector said that his brother was a leftist party follower, and that he participated in youth meetings in Renca Paris, where his family lives. He also denied the criminal record attributed to his brother, explaining that he was arrested only once, on 1 May 1978 at Artesanos square, during a rally in which some 1,000 people were arrested. Hector added that for several months security agents followed his brother, and that a few hours after the alleged clash on Borgono Street, CNI personnel raided his house in search of arms and subversive material.

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CHILE

MERINO'S CONTACTS WITH OPPOSITION SAID POSITIVE

PY262055 Santiago Radio Chilena in Spanish 1600 GMT 26 Nov 86

[Excerpt] Today we will interview political scientist (Jenaro) Arriagada, of the Christian Democratic Party [PDC].

Asked about his recent meetings with political leaders, Navy Commander in Chief Admiral Jose Toribio Merino Castro told reporters, quote, I listen and they talk, unquote. Merino Castro said that opposition leaders went to talk to him and, quote, they said things, but I could not answer them, that is why I just listened, unquote.

However, Merino said that such contacts with the opposition are positive.

Mr Arriagada, as a political scientist and a PDC member, do you not think that the opposition should try to meet Adm Merino and the other commanders in chief, to listen to them, to listen to their opinion on what is happening in our country, and to become acquainted with their views on the chances for promptly restoring democracy in Chile; the path that could lead to democracy?

[Begin Arriagada recording] I believe the statements by Adm Merino are extremely positive. I agree that the opposition should try to meet with Adm Merino, with the other commanders in chief, and with the military Junta members.

If politics is to be based on reason rather than on violence, it is essential to talk and listen to what each party has to say. I strongly agree with Adm Merino that the meetings with the opposition are positive. I attach considerable significance to his willingness to listen, because any attempt to reach an understanding must begin by listening to what the other party has to say.

It would be very useful for the opposition to learn about the commanders in chiefs' opinions on our country's political future and on the best formula leading to a negotiated solution between the Armed Forces and the opposition.  
[end recording]

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CSO: 3348/131

CHILE

POLICE RELEASE 85 TEMUCO UNIVERSITY STUDENTS

PY261801 Santiago Domestic Service in Spanish 1600 GMT 26 Nov 86

[Relay from Temuco]

[Text] The Temuco police have released 85 university students who were arrested yesterday after they took over the main building of the Temuco Catholic University. During this incident, there were clashes between the students and the police, which resulted in some damage.

Once they checked the addresses of those arrested, the police released the Catholic University students who had taken over the main building to protest against the suppression of SIRE [expansion unknown], and the removal of physics and chemistry from the university curriculum.

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CSO: 3348/131

CHILE

TRIAL OF ANALISIS PUBLISHER TO CONTINUE

PY222138 Madrid EFE in Spanish 1751 GMT 20 Nov 86

[Text] Santiago, 20 Nov (EFE)--The Santiago appellate court has ruled in a 2-to-1 vote that the trial of Juan Pablo Cardenas must continue. Cardenas, the publisher of the magazine ANALISIS, has been charged by the military government with allegedly committing offenses against President General Augusto Pinochet.

Cardenas has been brought to trial because of various articles, and reports published by his magazine. ANALISIS has been suspended, along with four other opposition publications, following the implementation of the state of siege. The state of siege was imposed after the attack against the presidential motorcade on 7 September.

The appellate court ruling to continue the trial of the journalist was the result of the votes of Judge Sergio Valenzuela and attorney Claudio Illanes, who voted for the ruling, and Judge Jose Canovas who voted against it. Before the ruling, the court's prosecutor, Leticia Contreras, had asked that Cardenas be acquitted while Special Judge Lionel Beraud insisted that Cardenas be tried.

Cardenas, who is free on bail, announced through his attorneys that "I have not committed any crime and I hope that I will be finally acquitted."

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CSO: 3348/131

NATIONAL DEMOCRATIC ACCORD CONSIDERS NAME CHANGE

PY021925 Santiago Radio Chilena in Spanish 1600 GMT 1 Dec 86

[Text] According to reports following a meeting with Sergio Molina, coordinator of the National Accord, the 13 parties of the National Democratic Accord [ANDE] have agreed to study his proposal to change the group's name.

Eugenio Ortega, national secretary of the Christian Democratic Party, read a statement after the meeting, announcing that the 13 parties had met National Accord coordinator Sergio Molina Silva at his headquarters to announce their adherence to the Accord and its immediate objectives and to express their commitment to its improvement.

[Begin Ortega recording] The 13 parties have agreed to coordinate their activities within the framework of the National Accord, in pursuit of the following objectives:

1. As was stated in the document entitled Basic Guidelines for Democratic Government: The strengthening of the National Accord, the signatory parties will coordinate their activities to improve and amend the contents and scope of these agreements. The parties will gather information from broad national sectors to ensure the greatest consensus in making the future democracy stable and governable. [end recording]

The signatory parties will also coordinate their activities to campaign nationally for free elections, in order to begin a process that could lead to the full democratization of the country.

[Begin Ortega recording] Reaffirming their desire to take effective steps toward a fully democratic government, the signatory parties intend to discuss with the Chilean Armed Forces and Carabineros measures that could lead to a real transition. To achieve this it is essential to reestablish the conditions which will guarantee mutual respect. These conditions include an end to the state of siege, and the implementation of the immediate measures which were proposed by the National Accord. These are the minimal conditions. Proposals for a flexible, effective, internal organization of the ANDE, including its working conditions, will be discussed at a later meeting.

4. [as heard] The 13 parties which have signed the Basic Guidelines for Democratic Government document have also decided to study the suggestions of the National Accord coordinator, and to reconsider the name of the group.  
[end recording]

The following parties have signed the statement: the Christian Democratic Party; the National, Humanist, Radical, and Democratic Social Parties; the Mandujano faction of the Socialist Party; the Popular Socialist Union; the MAPU [United Popular Action Movement]; the Liberal, Republican, and Socialist parties; the Socialist Party, Historical Faction; and the PADENA [National Democratic Party].

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CSO: 3348/131

ALLENDE'S WIDOW ON REGIME'S VIOLENCE, ARMS SALES

PY272112 Madrid EFE in Spanish 0256 GMT 27 Nov 86

[Text] Barcelona, 26 Nov (EFE)--Hortensia Bussi, the widow of late Chilean President Salvador Allende, today asked the Spanish Government not to sell weapons to General Augusto Pinochet's military regime.

Hortensia Bussi is in Barcelona, in northeastern Spain, to attend the solidarity drive "Catalonia with Chile," which is supported by all Catalanian parliamentary blocs, unions, and organizations.

Bussi said: "We know that Spain has been sending weapons to Chile. We reject this action," she said, "and we request that World Bank loans to Chile be blocked."

"The Chilean people will not benefit from the World Bank \$250-million loan, which will only be used to pay the foreign debt and to buy weapons for the regime. We would like to have seen more countries voting against the World Bank loan," she said, alluding to Spain, which abstained from voting on the loan.

Concerning the 7 September attack against Pinochet, she said that "it has shown the Army that Pinochet is vulnerable. After the attack, the Army began to publicly disagree with the regime, and with Pinochet's plans to stay in power."

Nevertheless, Bussi rejected the use of military force to oust the government, which has been in power since the 1973 military coup. She said that this kind of fight "is wrong because the regime's strength rests with the Armed Forces."

"There are more effective ways to fight the regime, such as social mobilizations and civil disobedience. Our people do not seek violence or state terrorism," she said.

Allende's widow added that "Pinochet has sponsored violence and terrorism, and has harvested what he has sowed," she said, referring to the attack against the dictator, which prompted a new state of siege.



Bussi said that the Chilean opposition must hold a dialogue with the Armed Forces to restore democracy in the country, adding that she believes that only through an agreement with the military will this goal be achieved.

She reported that the regime is constantly violating human rights, and that "every Chilean has had at least one relative who was exiled, tortured, or murdered by the dictatorship, or a relative who is missing. Chile is going through a dramatic period in its struggle for freedom," she added.

Bussi said that the regime is still strong because the opposition parties have not united. "The opposition to Pinochet is divided into two factions: The Christian Democratic Alliance, and the leftist Popular Democratic Movement. The ousting of the regime will be delayed as long as these two factions remain apart," she said.

Although the military government has lasted a long time now, Bussi expressed her optimism about its imminent end. She thanked the international community for its rejection of the Chilean government, but said that this is not enough to oust the regime. She emphasized that this task can only be carried out by the Chilean people.

Bussi then praised the role played by the church, particularly the Vicariate of Solidarity, in supporting the struggle for democracy and the defense of human rights.

Hortensia Bussi, who has been living in Mexico since she was exiled after the military coup that killed President Allende, today visited Salvador Allende Square in Barcelona, and said: "I am sure that soon there will be many squares dedicated to Allende in Chile."

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CSO: 3348/131

CHILE

FOREIGN MINISTRY PROTESTS FRENCH NUCLEAR TESTS

PY101801 Santiago Domestic Service in Spanish 0930 GMT 10 Dec 86

[Text] The Chilean Government today protested the French nuclear tests conducted on the Mururoa Atoll. The Foreign Ministry press communique states that:

Based on a report, datelined New Zealand which indicates that on 7 December a nuclear test was conducted at the French Mururoa Atoll, the Foreign Ministry has instructed the Chilean Embassy in Colombia to ask the General Secretariat of the South Pacific Permanent Commission to issue a joint protest on behalf of its member countries, in face of this nuclear test.

Within the framework of the Vina del Mar declaration, which contains the agreements reached by the Colombian, Chilean, Ecuadoran, and Peruvian foreign ministers in February 1984, the South Pacific Permanent Commission has expressed its rejection of all tests, expressing its protest, and requesting that they be suspended. This common position is part of the policy shared by the South Pacific countries. The purpose of this policy is to protect the Marine environment and natural resources.

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CHILE

TRUCK OWNERS ASSOCIATIONS FORM NEW ORGANIZATION

PY081922 Santiago LA TERCERA DE LA HORA in Spanish 6 Dec 86 p 14

[Text] Most of the member associations of the Metropolitan Federation of Truck Owners have decided to withdraw from the National Truck Owners Confederation. These associations feel that they have been misrepresented by the current leaders, and more importantly, that the National Truck Owners Confederation has recently been turned into an antidemocratic organization where agreements reached by the majority are not fulfilled, thereby continuously ignoring those who protest such mismanagement.

The executive board, which was elected during a meeting of delegates, is made up by the following: president: Hector Moya Martin; vice president: Cristobal Garcia E.; secretary general: Rodrigo Ahumada B.; treasurer: Luis Alvarez F.; and organization secretary: Sergio Guerra.

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LLOREDA CAICEDO DEMANDS NATIONAL ACCORD

Cali EL PAIS in Spanish 17 Oct 86 p A-8

[Text] Bogota, October 16 (CIEP)--The chairman of the Conservative National Board, Rodrigo Lloreda Caicedo, is calling for a comprehensive national accord between the parties to do away with Article 120 of the Constitution and for the instituting of the new rules that are to govern the political game in the country over the coming decades.

Lloreda Caicedo points out that this agreement could preclude the consolidation of a hegemony or, worse yet, party dictatorships, toward which Colombia is now moving, in the absence of a restoration of dialogue among the political forces.

In an interview granted to reporter Alberto Giraldo for the television program "Confidencial," Former Minister Lloreda Caicedo said that despite the many requests the Conservative Party has addressed to the Government to restore dialogue, it has not yet received a reply.

He feels that the attitude adopted by the Government in rejecting dialogue with the Conservative Party is unsound both for the Government and for the opposition, which needs very clear game rules to guarantee the new political system instituted by President Virgilio Barco Vargas.

He stated that perhaps there is a problem of procedure for restoring dialogue, or possibly too much prejudice on the part of the Government, which thinks that talking with the Conservatives is a kind of submissiveness. He acknowledged that initially there were possibilities for entering into such dialogue, but the radicalization of the political positions on both sides has created an unfavorable climate for it.

"I think," said Lloreda Caicedo, "that the major responsibility in this regard falls upon the Government, because it is the one called upon to foster that dialogue, and since it is in possession of the instruments of state needed to convoke the parties."

He explained that the interparty agreement must cover many issues, but he especially singled out the dismantling of Article 120, access to the

communications media, and access to careers in Government, thus defining an opposition status that will enable the collectivities to operate within an agreed system without major surprises.

He said that it has become indispensable to update juridical guidelines in accordance with the new party-and-opposition system of government, because the country has entered a new era with a legislation geared to co-party government.

Lloreda Caicedo believes that it would be very difficult for the present Government to rectify the political system it has instituted, but he said that what can be done is to restore an understanding, which does not mean participation by the Conservatives.

He argued that this understanding cannot be done away with, because for the past 30 years it has been this very policy that has provided the basis for civilized relations between the parties.

He acknowledged that the opposition has not been fully operative in some departments, for two basic reasons: The split that still persists in some regions, and the duplicity of the Government, which on the one hand promised not to foment "lentejismo," and on the other is trying to break the discipline of his party with bureaucratic inducements.

"It seems to me," says Lloreda Caicedo, "that in this regard we are in part to blame, because the Conservatives' unity is not fully consolidated.

"This has created a problem in the waging of the opposition at the level of mayoralties. But the Government for its part is taking advantage of this situation to play unfairly and deepen some of the splits in various departments."

#### The 'Designatura'

Former Minister Rodrigo Lloreda indicated that he favors the making of a slight adjustment to Article 124 of the Constitution, dealing with the "Designatura" [designation of his vice president by the president], so as to fill a void that exists in this regard.

Specifically, he proposed modifying this Article to provide that the final term of the "Designado" [designee] will terminate with that of the president of the Republic on 7 August.

He acknowledged that, as a matter of fact, in the event of a temporary or permanent incapacity of the new president, the previous "Designado" continues as such but cannot assume the office of president.

He added that at this time, rather than think of the presidential succession, he must devote his energies to rebuilding the Conservative Party and to

transforming it into a dynamic force, since if this is not done, any aspiration to heading the state becomes meaningless. He said that in the absence of a strong, growing, respectable political force capable of attracting new sectors of public opinion toward an alternative in 1990, the personal aspirations some Conservative leaders may have will be lost.

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### 300 MILLION INTERNATIONAL RESERVES INCREASE

Bogota EL SIGLO in Spanish 14 Oct 86 p 9

[Article by Pedro Pinto Pardo]

[Text] As of the end of September, the economy registered signs of a recovery, bolstered by the external sector, principally coffee exports and repatriation of capital. There can be no doubt that the situation of the external sector is improving the possibilities of achieving a rapid and sustained rate of economic growth.

During the period January-September 1986, Colombia's international reserves increased \$300.5 million, thus consolidating an already solid position in the Colombian external sector, which, as is known, is powering our economic growth.

The Banco de la Republica's most recent statistics, known exclusively to EL SIGLO, reveal that during the first 9 months of the year our international reserves totaled \$2,586.6 million. The good result obtained in the accrual of international assets is based on the surplus flow from current external transactions, which has totaled \$668.7 million, despite outpayments against external debt. The balance-of-payments capital account shows a negative balance of \$368.2 million as of the end of September.

Colombian exports totaled \$2,856.2 million, up approximately \$801 million over the first 9 months of the previous year. Coffee exports accounted for 63.5 percent, or U.S.\$1,812.7 million, of the total value of our exports. Other exports registered an increase of 12 percent, totaling \$1,043.5 million as of the end of September.

Coal exports totaled \$108.5 million, up \$37.4 million. Ferronickel exports, on the other hand, plummeted below last year's level, resulting in a decline of approximately 43 percent in Banco de la Republica returns from this source.

#### Services and Transfers

Services account revenues totaled \$860.6 million, up approximately 60 percent. The increase in these revenues is owing basically to the opening of

the so-called "left-hand teller's window" ["ventanilla siniestra"] which is functioning as a "dollar-mining operation" ["lavadero de dolares"]. In just 1 year, this rubric has shown an increase of \$213.7 million, with personal incomes attaining a level of \$200.8 million. Another major rubric from the standpoint of revenue volume, is transfers, which as of 30 September totaled \$304.1 million.

#### Current Outgoes

As of 30 September, outpayments or draft transfers to foreign accounts totaled \$3,780.3 million, up 14.5 percent over the total as of the same date last year. Draft transfers for imports totaled \$2,119.3, up \$426 million over the total payments for imports of goods into the country during the first 9 months of last year.

Draft transfers for services totaled \$845.3 million, and the major figures comprising this total correspond to interest payments on the public sector's external debt; these payments increased by a total of \$71.7 million, which, however, was [partially] offset by a decrease of more than \$30 million in interest payments on the private sector's debt.

#### Balance-of-Payments Capital Account

For the portion of the year ending 30 September, net capital movements show a negative balance of \$368.2 million, whereas last year the net result was a positive balance. The observed deficit reflects principally the Banco de la Republica's cancellation of the credit of \$229 million granted to the Andean Reserve Fund in February 1985, and the payback of credits by the public and private sectors. The reduced flow of foreign investments has also been a factor; last year this flow was substantial, owing to the Intercor capital inflows to the El Cerrejon project.

Consequently, the results of Colombia's balance of international payments account as of 30 September are: Trade surplus, \$736.9 million; services account deficit, \$579.8 million; negative capital-account balance, 368.2 million; and current accounts surplus, \$668.7 million; thus consolidating an increase of \$300.5 million in gross international reserves, and bringing the total of accumulated net international reserves to \$2,586.6 million as of the end of September.

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## DEFICIENCIES IN CUSTOMS SYSTEM EXAMINED

Bogota EL SIGLO in Spanish 10 Oct 86 p 9

[Text] Colombia's customs system is a complex one consisting, basically, of the National Customs Policy Board, the General Directorate of Customs, the Revolving Customs Fund, and the corresponding Judicial Authority Units (customs tribunals and trial courts).

The Revolving Customs Fund's basic function is to act as depositary and realizer of the merchandise seized on suspicion of contraband and of merchandise declared abandoned or contraband, and to provide all inputs needed by the General Directorate of Customs. The audit that has been made reveals that its management and administration have been far from ideal, and that, on the contrary, they show serious deficiencies that are manifested basically in the conspicuous and substantial deterioration of revenues, which have been dropping steadily owing to legal and administrative problems in the sale of seized merchandise, the suspension of the national Government's contribution, and the loss of financial revenues from the sale of stock certificates.

### Deficiencies

There is a contradiction between the drop-off (in constant pesos) of revenues from auctions and direct sales (which since 1983 have constituted more than 63 percent of total revenues), and the large inflow, at the same time, of merchandise received by the Fund's warehouses with a cumulative value of over \$20 billion, according to supporting documents, as a result of the clamp-down on contraband. While it is true that legal norms may have hampered the handling of this merchandise, it is also true that deficiencies have existed in regard to its administration and sale.

As regards expenses, the recurrent practice of coming up with unreal calculations of investment costs, leads inherently to higher costs and noncompliance with budgetary and contracting rules and regulations.

### Warehouse Management

But perhaps the Fund's major problem is the management of its warehouses and the merchandise deposited in them. Between the time the contraband is seized

and the time of its realization, a complex process takes place, during which noncompliance with the rules and regulations that govern it is constant.

Actually, a large volume of illegally imported and exported merchandise is not seized, either because it succeeds in evading vigilance or as a result of bribery. If and when it is seized, the problem begins with deficient customs declarations which fail to adequately describe the items involved, facilitating their being stolen, interchanged or lost in the succeeding steps in the process.

### Shortages

Thus, the Comptroller's Office has found shortages in various cities, over the past 3 years, totaling over \$1.8 billion, which have still not been justified or accounted for. Another shortage, totaling \$108 million, was accounted for in 1983 under "Liabilities," where, curiously, it was charged against the name of a deceased person.

The lack of a Kardex system in most of the warehouses, and the flaws present in the records at the different stages (Reports of Seizure and Warehouse Acceptance of the merchandise that fail to properly describe the characteristics of the merchandise), have prevented the timely detection of these shortages and facilitated the substitution of flannel goods for silk goods, of black-and-white television sets for color sets, and the stripping of vehicles.

Furthermore, the high volume of merchandise held and not disposed of have compelled the Fund to lease privately-owned warehouses, in connection with which over \$500 million of debt had been incurred by six bonded warehouses as of 30 January of this year. The high cost of storage, when deducted from the price paid by the buyers of the merchandise, appreciably reduces the Fund's revenues from direct sales and auctions.

In addition, the agency's budget also is affected by the maintenance costs of its government-owned warehouses. Perhaps the best indication of the low returns obtained by the Fund's administration from the merchandise seized is that for each \$100 of merchandise and vehicles entering the warehouses in 1983, 1984 and 1985, the Fund perceived generated budgetary revenues of only \$15.20, \$6.60 and \$6.80, respectively, which, after due accounting, were then entered in the "Profit and Loss" statement as revenues of \$2.30, \$1.30 and \$3.30, respectively.

### Financial Statements

The financial statements are unreal, in that, for example, in the case of the "Results" statement, auctions are incorrectly accounted for, and in the balance sheet, the information submitted by the different subordinate administrative entities, to accounting, is both deficient and untimely.

To conclude, many of the foregoing discrepancies have been acknowledged by the management of the Fund and by the General Directorate of Customs. Regrettably, despite the good intentions, a Kardex system still has not been installed, nor have the accounting inconsistencies as yet been sorted out, nor the shortages either justified or penalized; and, in this order of ideas, the problems continue.

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VOLUNTEER RESERVISTS AUGMENT SPECIAL FORCES

Bogota EL TIEMPO in Spanish 1 Oct 86 p 3-A

[Article by German Acero E.]

[Text] The Army is planning to augment its Special Forces with volunteer soldiers, to deal with the wave of violence that is making itself felt throughout the country and that has resulted in more than 1,000 deaths this year, especially in Cauca and Valle, in confrontations between regular troops and subversive groups.

The minister of defense, General Rafael Samudio Molina, stated that this plan in no way involves a militia of veterans but rather contingents of soldiers, who will be used in accordance with the training they received during their period of military conscript service at the various garrisons, who want to "reenlist," and who will be paid a minimum wage.

Gen Samudio said that this offer is not new, having been made in 1964, and again in 1985 on the basis of Art 121, which provided for and laid down the precepts of voluntary military service.

"There is presently keen interest on the part of the Government and the Armed Forces in increasing the strength of these volunteer soldiers, who, in the long run, will be slightly more costly than regular soldiers," said Gen Samudio, who presided at a promotion ceremony for noncommissioned officers of the four branches of the Armed Forces.

"Our goal for the future is to reenlist those soldiers who perform voluntary service, and at this very moment we are using them in accordance with our authorized budget," Minister Samudio emphasized to the reporters.

He rejected some versions that have circulated during the past few days, especially among radio broadcast media, according to which the Armed Forces are not qualified to deal with subversion. He said that from the moment soldiers join the Army, they receive first-rate training for combat.

The general stated that the Army has no intention of withdrawing from Magdalena Medio and that, on the contrary, it plans to establish additional

bases and increase the troop strength, to guarantee the security of the farmers, who last week organized marches, calling on the Armed Forces not to withdraw from that tormented Colombian region.

"We guarantee, as of now and henceforth, the presence of the Army not only in this region but in any other part of the country as well," asserted Samudio, who said that the Armed Forces will always be ready to defend our democracy and the institutions of the Republic.

Samudio also stated that at this very time, and despite the vicissitudes and trepidations assailing the nation, freedom and good order "demand of the Armed Forces of the Republic the virtues of professionalism, loyalty, discipline and valor that have characterized them throughout their glorious existence."

The official eulogized the performance of their duties by the noncommissioned officers who on this day had been promoted to sergeants major, and affirmed that "These self-sacrificing men are participating intensively in the carrying out of operations to maintain order."

Puyana Garcia

The president of ACORE [Colombian Association of Retired Officers], General Gabriel Puyana Garcia, said in this regard, in the editorial of that institution's organ that "There is no doubt as to the national crisis that besets us. In all walks of public life, wherever we look, we find a situation that clamors for urgent transformation. So extensive and deep-seated is the damage, that we must now bring an entirely new focus to our national life. We cannot possibly continue along this lethal and sterile, fruitlessly straight path that is now leading us to the brink of ruin.

"What yesterday, in other circumstances, was useful and expedient, is no longer so; it has been superseded by the dynamic of contemporary events. The task all Colombians face, and with them we, the unarmed soldiers, is that of contributing to a national change, a task to which the present Government is committed, but with respect to which it can accomplish nothing unless it can count on the solidary informed support of all Colombians."

Gen Puyana warned that two opposing viewpoints now pervade the spirit of the Republic: One is that of mortal confrontation between the forces of order and of disorder, which could well lead to extermination; the other, that of interests stemming from foreign interference, can lead us to chaos. Between these two conceptual and conflicting extremes there is room for a feasible and fruitful pursuit of different orientations that can resolve the conflict. It is within that middle ground that our strength becomes meaningful. We are duty-bound to find, for Colombia, alternate approaches that will enable us to resolve the complex situation that confronts us."

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CSO: 3348/98

TWO CHARGED FOR DISCLOSING NARCOTICS, GUERRILLAS FILES

Bogota EL ESPECTADOR in Spanish 22 Oct 86 p 14-A

[Text] Yesterday, in the Court of Audiencias of the "Rincon Quinones" Mechanized Group, summary court-martial proceedings began in which a secretary and a noncommissioned officer assigned to the 13th Brigade appeared in the defendants' dock, charged with having disclosed computerized information related to trial proceedings being brought against guerrillas and drug traffickers.

The defendants, charged with the crimes of misappropriation of documents and bribery, are Sacramento Lozano Ramirez, secretary, and Sergeant Jairo Henry Guasca Samboni, who, according to the criminal investigations carried out by the military judiciary, have been named as the material perpetrators of the acts that are the subject of the trial.

As will be recalled, the illicit actions of the accused, in the persons of Lozano Ramirez and Guasca Samboni, consisted of their having used the internal recording systems to reproduce information of a classified nature and of subsequently delivering the processed material to a group of individuals, whose identities are being kept secret.

The documents reproduced in the manner described above consisted generally of proceedings being brought against members of guerrilla organizations and known drug traffickers.

The most highly qualified technical experts assigned to the Military Intelligence Services also took part in the investigation.

The summary court-martial before which Sacramento Lozano and Guasca Samboni are appearing is presided by Lieutenant Colonel Augusto Bejarano.

Sources in the Ministry of Justice have maintained since the start of the respective inquiries that the mentioned case must not be viewed as part of the activities of an espionage ring infiltrating the organization concerned, but rather as an isolated act committed by persons who most probably allowed themselves to be taken in ingenuously by those interested in obtaining the classified information involved.

9399

CSO: 3348/99



## MEASURES TO PROTECT CITIZENS ABROAD STUDIED

Medellin EL COLOMBIANO in Spanish 6 Nov 86 p 14-C

[Text] Bogota (COLPRENSA)--The government promised yesterday to take special pains to stop abuse of Colombian tourists or residents abroad.

Foreign Minister Julio Londono Paredes, Attorney General Carlos Mauro Hoyos, and the former ambassador to the United States, Francisco Posada de la Pena, were present yesterday as the debates ended in the Chamber concerning abuse of Colombians abroad.

At the end of three sessions of the Second Commission of the House of Representatives, Foreign Minister Londono indicated that one priority of the government is to improve the bad image Colombia has abroad.

The minister noted: "It is obvious that there are notable flaws in the foreign service, especially at the consular level. The Foreign Ministry will be attentive in demanding that officials abroad faithfully fulfill their duties. If irregularities are verified, there will be strict sanctions."

### Role of the State

Attorney General Carlos Mauro Hoyos asked the Colombian Government "to get involved in the matter."

He made some suggestions like providing lawyers for each of the embassies in order to watch over cases against Colombians abroad.

He emphasized that the situation of Colombians who travel to other countries as drug traffic "mules" is the direct result of the social decomposition of the country.

He said: "It is up to the Colombian leadership to attack the bases of those problems like unemployment and absolute poverty."

Francisco Posada de la Pena, Colombian ambassador to the United States until 31 October, stated that all the complaints that his office received were properly handled.



He cited the negotiations he carried out in the specific case of journalist Patricia Lara. He stated that when he retired, he still had not received satisfactory responses from the U.S. State Department to five written and verbal diplomatic notes in which he asked for an explanation of the journalist's treatment.

He indicated that, because of the lack of response to his requests, he recommended that the Colombian Foreign Ministry present a formal protest to the U.S. Embassy.

7717

CSO: 3348/109

# CONSERVATIVE PARTY'S POSITION ON TAX REFORM

Bogota EL TIEMPO in Spanish 7 Nov 86 p 8-A

[Text] The Conservative Party announced yesterday that it will not vote in Congress to concede legislative powers to the government so it can amend the tax laws. Also it will not vote for the patrimonial amnesty proposed by the Executive Branch for 1986.

Exercising the "reflective opposition" which this group showed toward the party government, it issued a statement yesterday that contains the Conservative position on the tax reform bill.

Over the signature of the shadow minister of finance of the opposition cabinet, Rodrigo Marin Bernal, the party warned that it will not agree to eliminate privileges for different sectors.

Below is the text of the statement:

After a careful analysis by the Public Finances Committee, Conservatism feels that it is appropriate to formulate the following statement on Bill No. 98 "which issues tax laws, sets rates, and dictates other provisions."

1. According to the explanation of motives and the official announcements endorsing it, the bill seeks to promote savings and investment, the reestablishment of the principles of equity and neutrality, and simplification of the tax system. It also strives to expand the tax base through the incorporation of new taxpayers and a new patrimonial amnesty.

2. It could be assumed that, given the time the government had to draw up the bill, those objectives would be easily achieved if Congress approves it. This does not seem to be true, however, from what can be learned through scrutiny of its articles by the party.

3. The government bill, in effect, proposes tax relief for capital income. This would be achieved mainly through a lower rate for corporate income tax and the elimination of the tax on dividends and business partnerships. The proposal in itself does not guarantee a stimulus for business capitalization because it does not include any mechanism to induce the benefited taxpayers to reinvest this additional income due to the amendment in productive activities.

The expectation that the bill presents is very weak as to this basic aspect. In the event that amendments are introduced to encourage reinvestment of the surplus, it can be predicted that its impact on the real sectors of the economy will be very limited. This assumption is based on the limited participation of personal capital income in financing public expenditures.

4. The preached advantage of this proposal does not balance the enormous social cost of the distortions in the definition of the tax-paying ability of the middle strata of the population. The elimination of income exclusions, deductions, exempt income, and tax discounts that today add to the revenue of a vital sector of Colombian society would constitute a hard blow against equity and would sharply aggravate the existing imbalance. Conservatism declares its firm desire to keep this from being carried out and now assumes the defense of all citizens who might be affected by the government bill.

5. Conservatism has reservations about the benefits preached for persons whose income is less than 924,000 pesos per year. The government proposes the elimination of the income tax for them. The relief that this group of taxpayers would apparently receive eventually would be nullified by the negative effect that the bill's increase of the indirect tax burden would have on their income. The increase of taxes on imports, by virtue of the reduction of the current system of exemptions and the probable increase of the VAT, support this prediction. In this way, the taxpayers allegedly benefited by exoneration of the income tax might have to support the treasury more through indirect taxes. These are openly regressive taxes because the ability to pay is not considered.

6. Conservatism expresses its concern because this part of the bill helps accentuate the existing distortion in the Colombian tax structure, worsens social clashes, and puts the government party in open contradiction to postulates it claimed during the last electoral campaign.

7. The reduction of personal income tax rates can create false expectations. The concept of taxable income implicit in the bill is not the same as the legal principle in effect now. Taxable liquid income that is reached today from the application of exemptions and deductions authorized by law is not the same as the government proposes. In the future, this will be reached using a different base because of the elimination of many of the existing privileges.

8. It is not clear if the new personal rate structure corresponds fully to the cardinal principle of progressiveness. It can be noted, for example, that in the lowest scales, a taxpayer whose income increases from 926,000 pesos to 928,000 pesos--that is, 0.2 percent--must bear a tax increase of 100 percent. On the other hand, in the upper scales, the opposite phenomenon occurs unjustly: the tax increase is proportionally lower than the increase in the income. Therefore, a high-income taxpayer whose income increases from 1.54 million pesos to 5.13 million pesos--that is, 233 percent--pays a tax increase of only 20 percent. Compared to the effect on the lower income ranges, this is clearly inequitable.

9. Conservatism is concerned about the treatment the government wants to give the agricultural-livestock sector which is already affected by different

factors. The attempted repeal of provisions contained in Law 26 of 1959, Decrees 2053, 2247, and 2348 of 1974, Law 20 of 1979, Law 9a of 1983, and Decree 3830 of 1985 demonstrate this. It is a measure that seeks to abruptly change the rules of the game, discourage investment in the rural area, and introduce additional factors of uncertainty.

10. The attempt to expand the tax base through the incorporation of new taxpayers also merits a careful analysis by Congress. The superficiality with which this important chapter of the bill is treated in the explanation of motives is deplorable. The addition to the tax system of entities like cooperatives, clearing banks—although only the revenue from industrial and marketing activities—employee funds, mutual investment funds, nonprofit organizations, and associations and guilds, even with the exceptions included, must be preceded by a broad debate. The legislators must learn the size of the tax benefit sought in comparison to the damage that can be caused to the operations of entities that provide unquestionable social service. There must be a similar examination of the part of the bill on taxing investment funds and security funds to establish its consistency with the government proposal to encourage capitalization and savings.

11. Elimination of the deduction for interest and monetary correction paid for credits granted within the framework of the constant value system must be changed.

Conservatism will not vote for that proposed elimination, not only for the social reasons of the large number of users of these credits but for the negative effect that the elimination of the deduction can have on construction, savings, and employment.

12. In the special legislature of 1985, Conservatism opposed granting a patrimonial amnesty. The reasons that the party expressed then are similar to those that it must now invoke. The frequency and regularity of the formulas designed to eliminate tax evaders from the informal economy constitute a flagrant injustice to responsible taxpayers who pay their obligations to the state. They also hurt the stability of the current revenue of the country.

13. For known political and institutional reasons, Conservatism will not vote to grant extraordinary powers. It also considers it its duty to call the Congress' attention to the magnitude of the authorizations that the government wants in order to dictate the laws necessary for "effective control, collection, and determination of the taxes that the General Tax Directorate administers, including the /penalization/ [in boldface] system." Regardless of the obvious lack of precision in this text, delegation of the legislative function for such a purpose would be very risky. The innovation in terminology and the suggested modification of the punitive system that is surely already planned by government officials can be a prelude to novelties and surprises that the Tax Directorate usually gives Colombian taxpayers, but this time with the law on its side.

Equally worrisome is the authorization contemplated in part 4 of Article 71. Instead of subordinating the use of the power requested to the future behavior of current revenue, it is skillfully subordinated to the particular

performance of the income tax. Since a drop in this specific sector is possible--as a consequence of the inevitable transactions of the bill--the government could then increase the VAT to 12 percent, without exception, accentuating the tax pressure on the weakest sectors of the population.

14. Congress must carefully examine and measure the depth of the proposal contained in Article 82 of the bill. The government, keeping quiet about the real transcendental scope of its intent, proposes to eliminate a thick catalog of tax laws that grant protection to different sectors and stimulate different activities. Many of them are the *raison d'être* for laws that Congress has issued. The agricultural-livestock sector, the border zones and districts, the free zones, the regions affected by the tragic volcano eruption and the earthquake of Popayan, the Armed Forces and the Police, the political parties, ECOPEL [Colombian Petroleum Enterprise], National Railways, the Colombian Shipping Enterprise, the Colombian Ports Enterprise, the departments and municipalities, the decentralized organizations, the pilots and officers of the Air Force, the river transportation enterprises, the air transportation enterprises, and the publishing enterprises and Colombian authors form the bulk of the taxpayers that would be affected by this repeal. This is certainly not the way to make legal decisions that are bound to have repercussions--to a greater or lesser extent--on the life of the community, on production levels, and on the well-being of important social segments.

15. The explanation of motives of the bill abounds in rhetorical explanations of its scope. However, methodological explanations and figures to demonstrate the changes in contributions by the people and in the resources of the different public organizations are totally lacking. This is particularly serious after the efforts that have been made to regain fiscal balance and while the government continues to delay formulating an effective strategy to control public expenditures.

16. Conservatism finally asks the government for in-depth action to decrease the size of the state structure. It urges it to promptly use the powers contained in Article 13 of Law 12 of 1986 and, consequently, withdraw the request for its extension presented in Article 80 of the bill. The government party should, on the contrary, proceed to expand the scope of the authorizations already granted so that the task of making the Colombian state more efficient, modern, and smaller becomes effective and real. This unquestionably would be the best response to the current fiscal crisis and the most positive relief for Colombian taxpayers.

[Signed] Rodrigo Marin Bernal  
Chairman, Public Finances Committee  
Bogota, D.E., 6 November 1986

7717

CSO: 3348/109



NATIONAL FINANCES REPORT

Bogota EL SIGLO in Spanish 1 Oct 86 p 9

[Text] The state of the nation's finances, for the first 8 months of fiscal year 1986, is reflected in the following approximate figures:

1. Current budgetary deficit of \$46,083 million, representing the current lag between net revenues of \$492,024 million and authorized expenditures of \$538,197 million.
2. Total deficit of \$57,519 million, representing the sum of the current fiscal year's budgetary deficit to date plus the definitive total deficit of \$11,436 million at the closing of accounts to 31 December 1985.
3. Actual deficit financing level of \$68,620, representing the difference between total actual disbursements of \$443,647 million and the minimum value of current cash resources, amounting to \$375,027. This deficit is 7.5 percent below that as of July, and 16.6 percent above that of 1 year ago.
4. Treasury surplus, adjusted, of \$23,096 million, attributable to the difference between the usable cash inflow, totaling \$71,100 million as of the end of the month, and current payments due, totaling \$48,004 million. This temporary cash-flow liquidity is owing in large measure to funds received from TAN, in the amount of \$32,418 million, and to proceeds from bond issues, received during August, amounting to \$15,000 million. The sum of current payments due is still not sufficient to offset this temporary surplus.

Current Budgetary Situation

The 8th month of the current fiscal year ended with a budgetary deficit very similar to that of 1 month before, or approximately \$46,083 million, reflecting the higher agreed spending level, \$538,107 million, with respect to net revenues obtained as of that date, totaling \$492,024 million.

The following pertinent facts are pointed out: a) Taking August as a transitional administrative stage results in a slight slowing of spending, with authorizations averaging \$60,881 million, versus \$61,451 million through July.

b) The augmented inflow from internal credit sources (TAN and bond issue), while representing an accumulation of available funds, has no effect on the final budgetary balance. Actually, when the funds that finance the expense appropriations come from debt, even though the respective disbursement has not been authorized, they must be accounted for as funds from debt to be disbursed, since the flow of this type of funds cannot produce surpluses. As can be understood, funds obtained through loans permit the covering of expenditures which cannot be financed out of existing reserves. Thus, they constitute incoming funds specifically earmarked for outgo, but not a budgetary surplus.

From a budgetary standpoint, with respect to the same period in 1985, the deficit rose by \$30,295 million (91.9 percent). The factors that contributed to this rise include the 124.4-percent rise in debt service costs and the 112.5-percent growth in investment authorizations. On the whole, the incremental factors totaled \$243,245 million.

As regards factors tending to reduce the deficit, the rise in current revenues holds promise for a reduction of 47.2 percent, while capital assets cover it by more than 364 percent.

The coefficient representing the ratio of expense appropriations to net revenues reflects the dynamic of the budgetary imbalance during 1986. This indicator confirms that the spending rate has slowed during recent months, to 1.11 for the month of July, and 1.09 for August. Nevertheless, the average rise of appropriations, \$71,306 million, continues to exceed that of net revenues, \$64,403 million.

In short, the nation's budgetary movement is still not entirely clear, in that, outstanding appropriations still to be added total almost \$240,000 million, resulting in a budget bordering on 1 billion [1,000,000 million] pesos.

The treatment accorded the budget, based on incorporation of all these inputs, will be fundamental to our ability to achieve a deficit of around 2 percent of GNP by the close of this fiscal year, to attain the goals agreed with the multilateral financial bodies.

#### Total Budgetary Situation

The total budgetary deficit, once the \$11,436 million total deficit as of fiscal year 1985 is added in, stands at \$57,519 million.

It is relevant to recall the meaning of the two results being commented on. The current budgetary result measures the realization of the revenues budget against the execution of the expenditures budget. As can be seen, it is limited to the movement that takes place during the year on the income side, and the channeling that is applied to that income to cover the various spending commitments as they are generated.



On the other hand, the total budgetary situation takes into account not only a year's movement but brings in also the results of previous years. Were the nation's finances to be reported in the form of a financial statement (balance sheet), the total budgetary situation would be the equivalent of the nation's net working capital; that is, the difference between its assets and its current liabilities.

#### Treasury Situation

As of the end of August 1986, the Treasury's cash flow reversed its negative trend of the first 7 months, with a surplus totaling \$23,096 million.

The highest level of available cash reached during the month, \$24,540 million, versus the relative contraction of current liabilities due, -\$115 million, produced the above-mentioned Treasury surplus.

The resources taken in by the Treasury during August totaled \$76,207 million, the highest figure for the year. These inflows consisted of \$56,895 million (74 percent) in current Treasury receipts (tax and nontax) and \$19,312 million (25.3 percent) from credit sources (\$18,029 million domestic, and 1,283 million foreign). Inflow from the latter sources increased substantially (107.2 percent) during the month, owing principally to receipt of the initial \$15,000 million of proceeds from the bond issue authorized by Law 7 of 1986, the total of which is expected to reach \$55,000 million by the end of this fiscal year.

For the period January-August, Treasury receipts totaled \$466,043 million (a monthly average of \$58,225 million) as follows: Around 80.5 percent (\$357,027 million) in net current receipts and 19.5 percent (\$91,016 million) in credit from domestic sources for the most part, as has already been indicated.

Outpayments during the month, on the other hand, totaled \$51,668, or 19.7 percent less than during the previous month. In July, as will be recalled, the initial semiannual payment was made to most of the purveyors of public services. By the same token, it is to be expected that the Administrative transition which occurred in August will result in a smaller volume of outpayments.

The consolidated total of outpayments for the year to date attained \$446,274 million (4.2 percent less than total receipts), of which \$280,371 million pertained to operations (34.4 percent more than for the same period in 1985), with some 74 percent of the latter figure apportioned as follows: Education, \$102,386 million; Defense, \$34,891 million; National Police, \$28,514 million; Public Health, \$21,008 million; and Finance, \$19,763 million.

9399

3348/99

FISCAL YEAR 1986 NATIONAL FINANCE DATA REPORTED

Bogota EL SIGLO in Spanish 7 Nov 86 p 9

[Passages enclosed in slantlines printed in boldface]

[Text] At the end of /three-fourths of/ the 1986 budget year, the national financial situation is as follows:

1. /Budget deficit of 12,486,000,000 pesos/ determined by higher expense vouchers, 584,556,000,000 pesos, in comparison to the total net revenue. As is known, this shows that the amount of revenue this year has been inadequate to cover all the expenditures in the same period.
2. /Fiscal deficit of 23,922,000,000 pesos/ obtained by adding the negative fiscal result of the 1985 fiscal year, 11,436,000,000 pesos, to the above budget deficit. Remember that this result is accumulative and, therefore, includes the negative values of previous years pending settlement. If it were the national balance, it would be equivalent to current assets minus current liabilities.
3. /Real financing deficit of 57,152,000,000 pesos/ indicative of the gap between the total regular revenue collected by the National Treasury and the total payments it has had to make. In effect, while funds collected reach 445,799,000,000 pesos, payments made total 503,151,000,000 pesos. Despite that imbalance, there is obvious financial recovery due to the good performance of the taxation system at the expense of groups of taxpayers who have seen their buying power decrease.
4. /Adjusted treasury surplus of 36,778,000,000 pesos/ explained by the positive flow of funds which the treasury now has, 86,557,000,000 pesos, facing immediate obligations demanded by different segments of the national budget totaling 49,779,000,000 pesos. It is pertinent to stress that the temporary treasury liquidity is due to the large flow of credit resources (issue for 30 billion pesos, TAN [National Savings Bonds] for 36 billion pesos, and foreign credits for 25 billion pesos) as well as taxes (expiration of deadlines for payment of the income tax) with no recorded demands against them yet.

In general terms, the central government has had a good financial performance from the point of view of confirming the commitments acquired with multilateral organizations, especially related to the freeze of many of the resources of the General Treasury in the Bank of the Republic and the lower fiscal deficit (goal of 2 percent of the GDP).

#### Budget, Tax Situation

The third quarter of the 1986 fiscal year closed with a noticeable recovery in the budget and tax situation of the country.

The total revenue for the month was more than 68 billion pesos, much more than the approximately 53 billion in expense vouchers.

On 30 September, there was a total net revenue of 572,070,000,000 pesos, inadequate to finance the 584,556,000,000 pesos in total expenditures. This means a shortage of 12,486,000,000 which constitutes the budget deficit so far this year, equivalent to the existing gap between budget allocations for the fiscal year and authorized expenses.

If the 1985 fiscal deficit (11,436,000,000 pesos) is added to this, the accumulated deficit to date is 23,922,000,000 pesos which represents the fiscal imbalance.

#### Treasury Situation

The financial situation on 30 September of the top financial organization shows a surplus of 36,778,000,000 pesos. This figure is 59.2 percent (13,682,000,000) more than in the month of August and practically triples the amount for the year before (27,406,000,000).

This result is based on the higher amount of resources, 86,557,000,000 pesos (its maximum level), compared to the amount of demands, 49,779,000,000 pesos. A large percentage of the former (94.6 percent) is concentrated in public funds while 72.2 percent of the latter is from final payment orders and advance payments for expenses in Bogota pending payment on 30 September.

During the month of September, total Treasury revenue was 75,532,000,000 pesos of which 70,972,000,000 (94 percent) correspond to current revenue and 4,560,000,000 (the remaining 6 percent) to credit resources (domestic, 4,463,000,000, and foreign, 97,000,000).

The total revenue for the 9 months this year is 541,575,000,000 pesos distributed as follows: 445,999,000,000 (82.4 percent) in net income and 95,576,000,000 (17.6 percent) in credit resources. The first comes mainly from taxes and the second from TAN.

Payments during the month total 60,076,000,000 pesos, 16.3 percent more than in August. They were allocated as follows: 60.7 percent for operations, 16 percent for investment, 22.3 percent for the public debt service, and 1 percent for other payments (attachments, returns, etc.).

## Financing Deficit

At the end of September, operations of the national budget closed with a financing deficit of 57,152,000,000 pesos, equivalent to 12.8 percent of the ordinary revenue. That coefficient is considered one of the lowest this year.

Compared to the same period in 1985, this result is 12.3 percent (7,996,000,000 pesos) lower and, compared to the previous month, 16.7 percent (11,468,000,000 pesos) lower. These lower variations of the financing deficit in the past year are explained basically by the dynamic behavior of current revenue (with greater weight on taxes).

Comparing the cash flow with the previous year, we have the following:

There are 144,982,000,000 pesos (48.2 percent) more in current revenue while cash expenditures (payments) increased 136,986,000,000 (37.4 percent). The real variation in revenue is 26.9 percent and, in expenditures, 17.7 percent.

These high rates of growth for the ordinary revenue of the nation make it possible to acknowledge the fiscal achievements of the tax reform. Nevertheless, this has been possible at the expense of the wage earners whose real income has dropped, affecting demand and savings. The line seems to be to improve fiscal results by sacrificing tax equity and economic growth.

### Determination of Budget, Fiscal Situation on 30 September 1986

<u>Sector</u>	<u>Millions of Pesos</u>
Revenue:	
Current to finance expenses	516,367
Capital resources	91,873
a) Domestic credit	56,896
b) Foreign credit	29,484
c) Resources from the balance	5,493
Total gross income	608,240
Less:	
Provision for stabilization	36,170
I. Total net income	572,070
Expenditures:	
Vouchers for operation	316,645
Vouchers for debt service	138,567
Vouchers for investment	81,799
Vouchers for regional contributions	2,616
Vouchers to be formalized	32,823
Credit resources to be agreed on	12,106
II. Total expenditures	584,556
III. Approximate budget deficit on 30 September 1986 (I - II)	(12,486)
IV. Final fiscal deficit on 31 December 1985	(11,436)
V. Approximate fiscal deficit on 30 September 1986 (III + IV)	(23,922)

As the chart shows, the taxes with the greatest effect on this behavior have been the income tax, the VAT, and, in general, those that affect the foreign sector.

## EXTERNAL DEBT EXAMINED

Cali EL PAIS in Spanish 8 Oct 86 pp B-1, B-4

[Article by Jairo Corredor; first paragraph is EL PAIS introduction]

[Text] Little by little, Colombia is beginning to approach the brinks of danger in regard to external debt. Thus far in 1986, for example, it has had to devote some 13,429 million dollars, around 48 percent of its exports, to the payment of interest and amortization of capital. In 1987, 25 percent of the national budget will have to be allocated to this purpose; this is already beginning to cast a pall over the economic outlook. The following report is intended to bring out what promises to be "an assured crisis" should the private and public external debt swell beyond reasonable limits over the next several years.

With prodigious strides, the country is moving to the brink of the "bottomless barrel" representing the problem of Latin American external debt. Day by day its commitments are rising, and hence the flow of internal savings it will have to divert to this purpose in order to satisfy the requirements of the international financial community. As a prelude to an "assured crisis" --one that is approaching--suffice it to note that Colombia has had to devote almost half--48 percent, to be exact--of the value of its exports thus far this year (first half) to the servicing of its external debt (capital amortization and interest payments), both public and private, the total of which has risen to \$13,429 million.

As of June of this year, exports totaled \$2,393 million, while funds earmarked for debt service totaled, for the same period, \$1,143 million.

Next year, the equivalent of 25 percent of the national budget--some 232 billion pesos at least--will have to be earmarked for capital amortization and interest payments on the public sector's external debt which now totals U.S.\$10,067 million and which has risen 780 percent over the last 16 years.

The magnitude of the value of export revenues being funneled into debt service and the high percentage of the national budget that will be earmarked for this purpose, in order to avoid being in arrears with our international creditors, attest, clearly and on the face of things, to the serious turn



being taken by this situation, which at any given moment can become the major obstacle to eradicating absolute poverty, stemming unemployment, and increasing the country's productive activity. This phenomenon has been relatively underestimated by the authorities, to the point of asserting that, within the Latin American economic spectrum, Colombia was an island in the midst of this conflict. It was also asserted, and the same is being repeated even today, that our country faces no great problems in dealing with this kind of growing commitments because much of the public sector's debt--the largest portion of our total debt--was contracted with multilateral credit institutions under highly advantageous conditions in terms of payback periods, interest rates, and grace periods.

What was frequently not said was that, at some time, these "generous" payback periods or grace periods would expire and that, from that point on, payment must be made, failing which our sources of international financing would be shut down and, like it or not, our country would be forced to subscribe to the dreaded formal agreement with the IMF.

None other than the comptroller general of the Republic, Rodolfo Gonzalez Garcia, in one of his recent financial reports, warned that the outlook for the coming years was not promising, and that we were in the presence, even if only the inception, of a "snowball" phenomenon that must be confronted in search of an immediate solution, before its growth exceeds all possibilities of managing it. And he added: "The debt service load within the sum total of the economic factors has the same characteristics as in the other Latin American countries; to pretend the contrary is but an illusory optimism and a wishful effort to see Colombia granted a special status within the community of countries dependent on the international financing system."

The magnitude of the Colombian external debt--public as well as private--with commercial banks, multilaterals, and government agencies can moreover be expected to increase considerably over the next several years, in view of the loans already approved but pending disbursement, totaling over \$5 billion, and of the new loans being planned for next year, bordering on \$2 billion.

The skyrocketing of the debt service load--the historic average having been between 30 and 35 percent of export revenues--is owing principally to the expiry of the grace periods of many loans contracted by the public sector, and to the rise in new loans being contracted by this sector, averaging about 11 percent [annually] over the past 3 years.

It is worth reiterating that the external debt has been rising concurrently with exports--in terms of percentage--so that the margin accruing to the country from the proceeds of its export sales, to finance priority projects in the field of its physical and social infrastructure, is small.

Hence the assertion that the national economy is "feeding on indebtedness"; it simply has not had any other recourse, given the insufficiency of internal savings, but to resort to external credit to finance its economic and social plans and programs.

Public and Private External Debt  
(Millions of Dollars - To June 1986)

Year	Outstanding Balance			Service		
	Public Debt	Private Debt	Total	Public Debt	Private Debt	Total
1970	1.319	457	1.776	123	95	218
1971	1.472	597	2.069	145	119	264
1972	1.726	642	2.368	162	136	298
1973	2.022	675	2.697	210	135	345
1974	2.220	956	3.176	297	178	475
1975	2.470	1.033	3.503	242	143	385
1976	2.562	1.143	3.705	258	174	432
1977	2.779	1.016	3.795	324	115	439
1978	2.896	1.137	4.033	402	147	549
1979	3.456	1.847	5.303	649	155	804
1980	4.179	2.328	6.507	542	270	812
1981	5.168	2.901	8.069	666	448	1.116
1982	6.078	3.477	9.555	936	482	1.418
1983	6.958	3.616	10.574	980	593	1.573
1984	8.090	3.577	11.667	1.182	462	1.644
1985	9.432	3.399	12.831	1.449	433	1.882
1986	10.067	3.382	13.429	897	246	1.143

Source: Banco de la Republica - Department of Economic Research.



## The 'Snowball'

For a glimpse of what the problem of the Colombian external debt could be in the near future, let's consider the evolution of this debt over the past 16 years, from 1970 to June of this year [see chart]:

--As of June 1986, the country's external debt totaled \$13,429 million, whereas in 1970 it totaled merely \$1,176 million. During the intervening period, the debt rose by U.S.\$11,653 million, or 780 percent.

--Debt service has risen from U.S.\$218 million in 1970 to U.S.\$1,143 million in June 1986--up \$925 million, or some 52 percent.

By the end of this year, public and private debt service will exceed \$2 billion, while export revenues are expected to total some \$5 billion.

--The public sector's external debt has risen from \$1,319 million in 1970 to U.S.\$10,067 million as of June 1986. Its growth amounted to \$8,648 million, or 760 percent.

--Service of the public sector's debt was up from \$123 million in 1970 to \$897 million as of June 1986, a rise of 720 percent. Last year, the public sector's share of outlays for capital amortization and interest payments totaled \$1,449 million. By the end of 1986, this figure will have been considerably exceeded.

--The private sector's external debt has risen from U.S.\$457 million in 1970 to U.S.\$3,362 million as of June 1986--up \$2,095, or 770 percent.

--During the period being analyzed, the private sector's external debt service rose from \$95 million to \$246 million--up \$151 million, or 260 percent. As in the case of the public sector's debt service, the private sector's 1986 yearend figure will be substantially higher than the total calculated as of the end of the first half. In 1985, the private sector's outlay for this purpose came to \$433 million.

--The national budget bill for 1987 provides \$232 million--25 percent of the total budget--for the servicing of the public sector's external debt. This year, payments will total 150 billion pesos.

--As of June of this year, 48 percent of the value of national exports had been allocated to the payment of capital and interest charges on the public and private external debt. Exports totaled U.S.\$2,393 million and debt service totaled \$1,143 million.

--In 1970, debt service payments totaled 30 percent of the value of national exports. In 1980, this figure was 18 percent.

--From 1970 to 1986 (June), capital and interest payments totaled \$13,707 million--equal to the total of national exports over the past 4 years.

--Between 1970 and 1986, the private sector amortized debts in the amount of \$1,508 million and paid U.S.\$2,823 million in interest charges.

--Between 1970 and 1986, the public sector canceled \$4,657 million of capital indebtedness and paid \$4,719 million in interest charges.

--[Thus,] between 1970 and 1986, the public and private sectors [together] amortized \$6,165 million of capital debt and paid interest charges totaling \$7,542 million.

--Awaiting disbursement are \$5,165 million.

--Latin American external debt totals approximately \$400 billion. Colombia's share of this total is 3.3 percent.

#### Debt Level Rising

The level of external indebtedness of the public sector, which is the major debtor, actually began to rise sharply toward the end of the 1970's, but it was not until 1984 that debt service began to climb noticeably--because of, among other reasons, the expiring of grace periods.

Between 1970 and 1978, the rate of contracting of new debt had never exceeded \$1 billion annually. In 1979, the pattern of prudence in the contracting of new debt was broken, and "jumbo" loans began to appear, obeying, as they did, among other things, the funding needs being imposed by the country's growth and the major capital projects being programmed, especially in the electrical sector.

Between 1970 and 1978, the public sector contracted new debt in the amount of \$4,232 million, whereas between 1979 and June of this year, this figure totaled \$14,260 million. The public sector's debt service rose commensurately.

Addressing this problem, the present Government has said it intends to exercise singular restraint as regards further increasing the country's indebtedness. Nevertheless, and notwithstanding that the electric power sector is the one most deeply in debt with the foreign banking system and is to some extent overinvested, the seeking of a new loan for this system has been announced, bordering on \$1 billion.

The fact cannot be passed over that the period during which the public sector raised its level of indebtedness--beginning in 1979--coincides with the stage at which lenders began to apply more severe and costly terms and conditions to be met by borrowers.

In 1970, for example, the average external debt payback period for the public sector was 22 years, with an average nominal interest rate of 5.5 percent.

By 1980, the average payback period had been lowered to 13.4 years and the average rate of interest raised to 12.1 percent. Currently, the payback period is around 13.6 years and the interest rate certainly below 8.5 percent, which in any case is considered quite high within the international money market.

To conclude: The country's external debt situation, in the light of its principal economic indicators, especially those relating to exports, is not one of promising outlook, considering the problem being experienced by the other Latin American nations.

The fact is that the effort and the funds that must be deployed on this front are constantly rising--a situation that in the near future could drag the country into the same circumstances as those of other nations, which, like Peru, found themselves compelled to limit the payback of their debt to 10 percent of their export revenues.

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BARCO'S GOVERNMENT, POLICIES ATTACKED

Lleras On Perceived Failings

Cali EL PAIS in Spanish 12 Oct 86 pp A-1, A-2

[Text][Summary lead-in article,p A-1] Bogota, Oct 11 (Colprensa-CIEP)-- At a time when the Government's prestige shows signs of waning, Former President Carlos Lleras Restrepo says that "As to how things are now going, the word is: Failingly." The solutions to our major national problems have been enunciated in a fragmented and disordered manner, and the bills introduced in Congress by the Executive have failed to arouse the country's enthusiasm."

The former president asserted that the radical opposition being waged by the Conservative Party lessens the possibilities of achieving a national consensus capable of "binding the country together again."

In the opinion of this statesman, this attitude reflects an effort by the Conservatives to renew the face-off between the two major political groupings to improve its position in the eyes of the country, by exploiting the progressive deterioration of the Barco Administration's image.

In the editorial of the latest issue of the magazine NUEVA FRONTERA, the former chief executive propounds that the time has come for the opposition to be more considered and less divisive. (See page A-2).

[Excerpt] Bogota, Oct 11 (Colprensa)--The text of the editorial by Former President Carlos Lleras Restrepo in the magazine NUEVA FRONTERA is as follows:

"A considerable exercise of the imagination is needed to envision the panorama of the country's political and fiscal situation, the situation that will be before our very eyes within just a few months, because what we have been able to discern to date has been clouded both by the Conservatives' decisions with respect to the "considered opposition" and by the unbelievable problems that have been created within the Liberal representation with respect to the elections that, by Constitutional mandate, it must hold within the Congress. The solutions to our major national problems have been enunciated in a

fragmented and disordered manner, and the bills introduced in Congress by the Executive have failed to arouse the country's enthusiasm; the increasingly radical measures passed by the Conservative National Board appear aimed at fostering a disagreeable climate between the two major parties. And all of this just 2 months after the inauguration of a new Government, which is an almost exceptional case in our political history. In the main, the honeymoon period of our governing bodies has been somewhat longer, and the interpretations being given to what is happening now vary widely. Even the respectful approaches to the president being made by the executive bodies of the two parties, inviting him to indicate whom he would like to see designated his deputy chief executive, do not stem from the same motivations: For some, it implies a new acknowledgement of Dr Barco's authority over his own party; for others, it is a way of involving him in the conflict of stark ambitions within the Liberal representation in Congress. Are the members of the Liberals' Central Policy Committee really inspired by the same sentiments as those of the Conservative National Board, who from the opposing camp are also asking Dr Barco to give someone the nod, so as to attack him if that nod favors someone the Conservative Party deems not to possess the qualities that should distinguish the presidential deputy?

The only bright spot during the new Government's initial months has been the parenthesis of Dr and Mrs Barco's unobtrusive and credible visit to the United States. What mistakes have been made, such that things should be this way? The Liberal press has indicated some actions with which it disagrees and, in my opinion, it too, and many members of both parties, bear a share of the blame, because for many long months they insisted on demanding that there be a party-based government, as something essential to the survival of democracy, and an opposition. Well, we now have both without much seeming improvement, if any, in the outlook as regards our national situation. I preferred the concept of a "platform-based government," which Dr Barco also used in his campaign. A reasonable line of conduct would have been to discuss a concrete platform with the official representatives of the Conservative Party, so that they could study it and decide which points they could support, on which others they could collaborate as members of the Government defending their own viewpoints, and on which points they differed so profoundly that they would feel compelled to forgo participation at the Executive level in order to press their solutions at the level of the public corporations and through channels of public opinion. I am not qualified to say who bears the responsibility for not having taken this approach; probably both parties. But in any case, things have not been going any better than before, and, as to how they are now going, my long experience tells me that the word is: Failingly. I tried to alert the country to this by reminding it, mainly, of views expressed by Dr Alfonso Lopez Pumarejo on the eve of his retirement after his second presidential term, and defended by Alberto Lleras Camargo as well as myself in the Congress of the Republic. But Dr Barco and Drs Pastrana and Gomez had already taken a different position--the president forced to do so by the policy the Conservatives have chosen and by the long campaign waged against the subparagraph of Article 120 of the Constitution;

and the Conservatives because they consider that by reviving the face-off between the parties they can improve their political position vis-a-vis a chief executive who, paradoxically, is beginning to lose prestige after having obtained the largest popular vote in the history of our country. In sum, the changing now of the style of interparty relations is seemingly not something easy. As was the case between 1930 and 1946, the Liberal Government will simply have to work against an ongoing opposition in the Congress and outside it. I very well know what that means, although, fortunately for the Government, Dr Laureano Gomez is no longer leading the Conservatives. It is of major importance that the president maintain the prestige bestowed on him by the popular vote, and that none of his actions or omissions lend justification to the systematic opposition being waged by the Conservatives. The same may be said of the Liberal Party's conduct. Many persons think that both--the Government and the party--have already committed errors. The Liberal press has pointed them out, in keeping with its clear political duty and because it realizes the delicateness of the country's situation. Those who, like myself, are retired from active politics really find no atmosphere beckoning us to return, and are reconciled to examining objectively, removed from personal controversies, the things that are occurring and the problems that can be foreseen in the immediate future. Personally, I believe that my sole involvement must be that of an independent writer. I don't feel I should make a new appearance on the scene of political action, or that my party colleagues wish me to do so. This is why I even declined to offer the Central Policy Committee, which had so forgotten me, my opinion as to whether President Barco should or should not give the nod that would resolve the problem of "the designation." In any case, I appreciated this gesture and the fact that my good friend Maria Helena de Crovo was asked to convey this invitation to me by telephone. Probably, by the time these lines appear in print, a solution will have been found; it is my sincere desire that the party not become entangled in this first of the many problems now looming on the political horizon.

In truth, it cannot be said that the Government's bills--on agrarian reform and urban reform--have met with enthusiasm in any of the country's sectors. They have been received with equal indifference by Liberals and Conservatives alike. I don't want to get ahead of myself by expressing my opinion of these bills at this time, since I fully intend to study them detainedly; but the views many friends have expressed to me are not supportive of the Government's initiatives. In any case, the absence of all-out support on the part of the press and the unions is clearly not a promising omen.

Supportive ministerial comments have also failed to mobilize the Government party and are, of course, providing targets for the opposition. Dr Betancur was the object of criticism that he alone wanted to do all the talking, on the most diverse issues, allowing his ministers no opportunity to explain the solutions, each from the standpoint of his own branch. With Dr Barco, the reverse is true: His ministers talk, without the country feeling that what they are saying is in any way connected with an overall plan whose



explanation and promotion are under the firm control of the president. It is probably not quite that way and that we presidents who regularly used television have spoiled the people. I, for example, acknowledge that I made useless and unsuccessful appearances. Therefore, I prefer not to comment on Dr Barco's style with "unnecessary severity." Nor on some of the ministerial speeches. But there are many persons who do.

In any case, the political panorama is not good and this perturbs those of us who would like to see a broad-based national cooperative effort, which must commence in Congress, to again "bind the country together," beset as it is by the all-too-many problems it has had in the recent years: The dominance of clientage, the unbridled growth of government spending, the indebtedness of the electric power sector, the continuing disruption of public order, the threats hanging over those called upon to administer justice, and the constant devaluation of the peso in relation to both its domestic purchasing power and to the currencies of our principal import markets. We are clearly in the presence of a stage in the deterioration process that dates back to past years and against which we have not strived with the necessary consistency and effectiveness, despite the fact that the ill, not only from a policy but also an administrative and, above all, fiscal standpoint, has been diagnosed, inclusively by members of the successive Governments. Now, a president who is barely beginning his term has been adjudged an opposition which we must hope will be truly more considered and less divisive than the one waged by the Conservatives against the first Liberal republic.

#### Opposition Sets Up 'Shadow Cabinet'

Cali EL PAIS in Spanish 12 Oct 86 p A-3

[Text] TUNJA, October 11 (CIEP)--The chairman of the Conservative National Board, Rodrigo Lloreda Caicedo said, on the occasion of the installation of the Boyaca "shadow cabinet," that in 60 days of government, this Administration has shown inconsistency and a spirit of contradiction.

The Conservative leader charged that this Government, in the time it has been in power, is suffering from a "bureaucratic indigestion" of certain Liberal leaders who are desirous of taking everything by assault, and a minister who, within 24 hours, was contradicting himself on fundamental issues.

He added that the above is exacerbated by disturbing reports of many departments in which the authorities are beginning to not comply with the rules and instructions that have been issued by the president of the Republic as to the loyalty and respect they are to show towards the hierarchical leadership of the Conservative Party.

He pointed out that the parties were institutionalized by Law 58 in 1985 and therefore form part of the positive system that must be respected by the authorities, in the same way that the authorities demand that the Government's official representatives be respected.



Former Minister Lloreda Caicedo indicated that the Conservatives are building a different alternative from the one that "the advocates of party-based government have suddenly tried to impose."

He did not hide his concern as to the manner in which this Government is advancing, step by step, towards a hegemonic system, and warned that if this trend is accelerated it could lead to a party dictatorship that would deny the citizens their most fundamental rights.

Lloreda Caicedo said to those attending the inauguration of the Boyaca "shadow cabinet" that the political position of the Conservatives is precisely that of alerting the country as to the inadvisability of taking that road, which is full of danger for Colombian democracy.

"We have accepted as a possibility," he said, "the expediency of reestablishing homogeneous governments; that is, the assumption of responsibility by one party for orienting and managing the affairs of state.

"We have understood that this could be a natural and logical evolution of our political process. What we cannot accept is that all the factors of government, all the instruments of state, suddenly be placed at the service of one collectivity alone to the detriment of those who do not share those ideas."

The chairman of the Conservative National Board cited Former President Misael Pastrana Borrero's proposal--namely, that the functions of monitoring and auditing the state be placed, together with the government bodies involved, in the hands of the party having received the largest number of votes second to the president's party--in order to demonstrate the absurdity and the consequences of the negative to this proposition.

To this effect he referred to the case of the governor of Antioquia, Bernardo Guerra Serna, who is to be investigated by the attorney general of the nation, Carlos Mauro Hoyos, a political subordinate of the governor in question.

"It is a stark fact, a live example, which has evolved but a few days following the election of the attorney general, and which demonstrates to the country the inadvisability of having those in power monitored by those in power, in a collusion of sorts, a political complicity, that does away completely with the system of differentiation of powers, and that compromises the independence, the honesty and the lofty impartiality that must characterize the management of the state and the functioning of democracy," said Lloreda Caicedo.

The chairman of the Conservative National Board said that he was citing these contradictions to show that the function of his collectivity, in the face of the confusion of tongues one finds in the official sector, is to offer a different presentation and show unity, generosity, broadmindedness, new views and new horizons to the entire Colombian community.

Former Minister Lloredo called upon all members of his party to put behind them the quarrels, the innuendos, the mental reservations of a personal nature, and the dissents, so as to address the vast responsibility and risks that now confront the Conservatives.

He said that the Conservative Party must now unite in anticipation of the popular election of mayors a few months from now, which must be met by a strong and vigorous collectivity that is capable not only of contending for the mayorships of the traditionally Conservative population centers, but also of going forth enthusiastically to bolster its forces in the cities, industrial sites and places where its adversaries have held political sway.

Lloreda Caicedo gave a detailed explanation of the political process that led the Conservatives to choose "considered opposition" to the present Government rather than be operationally subjected to indignities and humiliation.

The chairman of the Conservative National Board was loudly applauded when he referred to the call that was made to the country's ambassadors abroad to return to their bases so they could "be with us in the struggle, share the sufferings, and head the victorious armies of 1990."

The Boyaca "shadow cabinet" installation ceremony was attended by all the members of the departmental executive committee with its chairman Juan B. Perez Rubiano at its head, the region's Conservative members of Parliament, the deputies and advisers, and a group made up of prominent figures in the economic and professional sector who comprise the oversight and platform committees.

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MARITIME TREATY WITH HONDURAS APPROVED

Bogota EL TIEMPO in Spanish 24 Oct 86 pp 1A, 8A

[Article by Leonel Pierrot, EL TIEMPO editor]

[Text] Yesterday, after hearing testimony by Foreign Minister Julio Londono Paredes in closed session, the Senate approved the "Treaty on the Maritime Boundary Between the Republics of Colombia and Honduras," signed on 2 August of this year in the San Andres Islands by Presidents Belisario Betancur and Jose Azcona Hoyo.

According to information released at the end of a 4-hour meeting, Minister Londono Paredes dispelled, satisfactorily, in depth, composedly and documentarily, all the doubts that had been voiced as to the advantageousness of this treaty for Colombia.

Senator Dario Londono Cardona, who presided at the hearing, which was also attended by the minister of mines, Guillermo Perry Rubio, said that Londono Paredes had shown that Colombian interests were at no risk in the application of this international instrument, and that for this reason approval was granted.

The only ones who opposed the treaty--more for political than juridical reasons--were the three UP senators: Humberto Oviedo Hernandez, Jaime Montoya, and Hernando Hurtado.

Montoya told reporters that the document "eliminates the boundary with Jamaica, the Cayman Islands, and a U. S. possession" and for this reason violates Article 3 of the National Constitution.

But he acknowledged that, as a Leftist senator, his primary concern is that "this treaty will enable the United States, using Honduras, Jamaica and Haiti as a base, to impose a naval blockade on Nicaragua."

He added that, according to a disclosure by Foreign Minister Londono Paredes, Nicaragua's Sandinist regime had addressed a formal note of protest to the Government of Colombia on 8 September, and that the same message had been sent to the Honduran Secretary of State for Foreign Affairs.

However, Liberals and Conservatives alike expressed their full satisfaction with the testimony of Londono Paredes, who arrived at the Senate hearing room with large relief maps of the area in question, flip charts, and a team of experts to defend the bill.

At the close of the session, the minister stated: "I believe in approving this instrument, a major step has been taken in the development of our international policy."

Referring to one of the objections that had been raised in opposition to the treaty, he explained that the document does not call for joint exploitation of the hydrocarbons and other natural resources that may be found in the zone, and that each country is free to carry on these activities on its own without sharing them with the other country.

He also commented on the fears that had been expressed by the members of the Administrative Council of San Andres as to an alleged cession of sovereignty over the archipelago to Honduras.

"All of this has been fully clarified," said Senator Hernando Duran Dussan.

The controversy that had led the Senate to suspend debate on the agreement, pending clarification of the present Government's position, had centered on Article 3 of the treaty, which states: "Any field or deposit of hydrocarbons or natural gas extending to both sides of the established line will be exploited in a manner such that the distribution of the volumes of the resource extracted from the said field or deposit is proportional to the volume of the resource found [to exist] respectively at each side of the said line."

According to Londono Cardona, the minister left no room for doubt as to the control Colombia will exercise over its potential natural resources under this agreement.

The bill had been submitted to the Senate by the foreign minister of the previous Government, Augusto Ramirez Ocampo, and was given a favorable report by the former ambassador in Paris, Diego Uribe Vargas.

In a brief public session, prior to the closed-door session, the Senate also passed the bill that increases the revenues and capital assets budget by \$2,800 million.

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# HYDROELECTRIC PLANT PLACED UNDER MILITARY CONTROL

Bogota EL ESPECTADOR in Spanish 4 Nov 86 pp 1-A, 10-A

[Article by Mario Atehortua Garces]

[Text] Medellin--The Guadalupe Hydroelectric Plant, located at some 45 minutes from the central city of Antioquia's Carolina del Principe township, where a confrontation between National Coordinating Column guerrillas and Army units last Friday left 12 dead--6 military, 5 guerrillas and 1 civilian--was found today to have virtually been placed, together with its immediate surroundings, under military control.

There is concern that this hydroelectric complex may be a target of the guerrillas who are operating in the northern sector of Antioquia, and that a possible assault on the installations would occasion losses totaling millions and disrupt electric power service to a vast conglomeration of communities and industries in Antioquia that depend on power from that plant.

According to information received today by this newspaper, the troops have assumed military control of the northern sector of the Department of Antioquia, and a substantial number of soldiers have cordoned off the entire operating area of the Guadalupe Hydroelectric Plant, against possible sabotage or an attack on its installations.

At least five of the Department's townships were under complete military vigilance amid continuing efforts aimed at rounding up the subversive National Guerrilla Coordinating Column, which has been carrying out a number of raids on townships in the northern sector of this Department.

## Strategic Positions

In the surrounding areas and within the central town itself of the Carolina del Principe township, a population center 111 kilometers from Medellin, the presence of a strong military contingent was evident. In support of the troops, units of the GOES [Special Operations Group], which had arrived in the town last Saturday, had taken strategic positions in the main streets and the plaza of this town.

GOES agents had been posted even inside the office of the local mayor and in the tall towers of the church, with the aim of repelling any effort at seizing the town by the guerrillas, who, it appears, are not very far away from the seat of the township.

All roads leading into and out of the town were also being patrolled, and airborne military roadblocks have been put into action, from which accesses to and from the town by visitors and vehicles can be monitored.

In addition, circulating but as yet not fully confirmed rumors have identified the woman guerrilla who has been reported killed, together with four of her [male] companions, as one surnamed Higuita, who lived in the town of Santa Fe de Antioquia.

The corpses of the five dead rebels were buried in a common grave at a well-known site in the zone where the armed conflict took place last Friday night which resulted in the death of six soldiers, five guerrillas and one civilian.

The bodies of the noncommissioned officer and five enlisted men were given to their families to bury in their respective cities. Barranquilla, the birthplace of the five dead enlisted men, was the scene of profound grief on the part of their families at the cemetery of that city where the soldiers were buried, according to the official reports received in this capital.

The dead soldiers were members of the Cartagena Battalion, which is assigned to the 4th Brigade, and the resistance put up by Noncommissioned Officer Luis Fuentes Gomez and the remaining members of the military group was characterized as courageous, in view of the number of soldiers engaged in resisting the guerrilla column, and of the success achieved in preventing the guerrillas from seizing the town.

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## BRIEFS

SENATE APPOINTMENTS FRAUD DISCOVERED--A number of alterations in the resolutions appointing Senate employees were discovered yesterday by the Executive Committee of that body, whose members proceeded immediately to institute criminal as well as administrative investigations with the object of fixing due responsibilities. According to reports, the alterations consisted of deleting from some of the copies of the documents in question the names of the employees who had been confirmed in their posts, and substituting the names of other persons who had been found unsatisfactory. The president of the Senate, Humberto Pelaez Gutierrez, indicated that the fraud had been discovered in time, thanks to the precaution his office had taken in preserving, in a personnel file, the originals of all the resolutions passed regarding personnel appointments, a number of which originals, when compared with the altered copies, revealed the alterations that had been introduced into them. He stated that one of these irregularities had been spotted in the personnel office, leading to the careful checking of the copies against the originals, and culminating in the discovery of three other similar cases of fraud. As of last night, the Senate president's office had reviewed 50 percent of the resolutions and found four of them altered. Pelaez Gutierrez ordered an administrative investigation and said it will be accompanied within a few days by a criminal investigation as well, aimed at discovering and punishing the responsible person or persons. It should be pointed out that the fraudulent maneuvers described herein resulted futile, in that none of the four persons whose names appeared in the altered resolutions have been able to assume the positions to which they supposedly had been appointed. Initial inquiries appear to indicate that the fraudulent alterations of the documents took place during their transit from the Presidency of the Senate to the General Secretariat, between Friday and Monday last. [Text] [Bogota EL ESPECTADOR in Spanish 16 Oct 86 p A-1] 9399



POLICEMEN ARRESTED FOR KIDNAPPING--During an operation carried out by F-2 [National Police Intelligence Division] personnel of the Medellin Metropolitan Police, two agents of the Rural Security Section of the Public Order Division of the department and one civilian were arrested, accused of kidnapping for ransom. The two rural guards were identified as Juan Guillermo Martinez Perez and Luis Arturo Velasquez and the civilian as Leonel Vanegas Munoz. They are in F-2 offices and will be turned over to special judges who investigate these cases. Yesterday the Ministry of Government was expected to dismiss the two government employees. It was learned that they had kidnapped a merchant from the city and held him for 48 hours. His business is at Carrera Carabobo and Calle Maturin. They apparently agreed that he would give them more than 10 million pesos in cash; he had to deliver 250,000 pesos initially. A friend of the victim told authorities who skillfully set a trap for the perpetrators of the crime. They were caught with "their hands in the dough." [Text] [Medellin EL COLOMBIANO in Spanish 6 Nov 86 p 14-C] 7717

CSO: 3348/109

## 1986 CURRICULA FOR OFFICER TRAINING SCHOOLS

Havana VERDE OLIVO in Spanish 30 Oct 86 pp 33-36

[Text] All Cuban youths who meet the established requirements may fill the places available in officer training programs of the Revolutionary Armed Forces (FAR) at Military Training Centers (CEM), and will receive at the end of their studies the rank of lieutenant and a diploma attesting to their special military instruction at the superior level.

At these Military Training Centers, youths take classes in basic sciences, computation, social sciences, general engineering, and the military subjects in which they will be specializing. Depending on their interests, they may choose to specialize in one of the following:

- Command: different specializations, in 4-year courses
- Political: 4-year courses
- Engineering: different specializations, in 5-year courses

Depending on what they study, the cadets (midshipmen) graduate as leaders of small units or the equivalent, or engineers specializing in Ground Troops, Anti-air Defense, and Revolutionary Air Force and Revolutionary Navy.

The military training centers are equipped with study facilities that enable the cadets (midshipmen) to attend classes and carry out research. There are also special classrooms, laboratories, firing ranges, and study areas and buildings. Other facilities include various sports areas, theaters, libraries, meeting rooms, and offices to ensure the development of learning and recreational activities among the personnel.

Who Is Eligible to Go to the CEMs?

1. Graduates of the Camilo Cienfuegos military schools
2. Soldiers, sailors, and sergeants in Active Military Service (SMA) and Reenlistment Service who have the required educational level (12th grade or the equivalent)
3. Graduates of higher intermediate education centers (preuniversity and polytechnical institutes)

Candidates for officer training courses must undergo examination by a Medical Commission to determine their physical aptitude and health.

#### Ways to Apply to CEMs

1. Through the heads of the Camilo Cienfuegos military schools, the directors and heads of the military schools of preuniversity and polytechnical institutes.
2. Soldiers, sailors, and sergeants may apply through their respective chiefs or substitutes for political work.
3. Through the provincial or municipal Society for Patriotic-Military Education (SEPMI).

#### Requirements for Admission:

- Successfully complete higher intermediate education
- Be mentally and physically fit
- Be not less than 17 and not more than 21 years old (for civilians)
- Be not more than 25 years old (for sergeants and soldiers of SMA and Reenlistment Service)
- Be single
- Make a commitment to be a permanent member of the FAR

Candidates for admission to the CEM must go through various psychometric, physical fitness, and basic science tests.

In addition, to enter certain specializations, added requirements will be considered.

Graduates of the Military Training Centers have unlimited possibilities for development in the FAR, and depending on their performance in the posts to which they are assigned, they may choose to take the courses given at the General Maximo Gomez Academy of the FAR or in the USSR, and attain the level of higher military instruction.

Later, they may obtain scientific degrees in their respective specializations.

The members of the FAR carry out a wide variety of complex tasks, and are recognized by the party, the government, and society. Consequently, they are provided with living and working conditions that are commensurate with the responsibilities of those who are training to serve as loyal defenders of the Fatherland and of Socialism.

Anyone who chooses a military career should bear in mind that "to be an officer in the Revolutionary Armed Forces is not a way of earning a living, but a way of life that entails a determination to sacrifice oneself with dignity and honor in the face of the enemies of the Fatherland."

Young people who desire to obtain more detailed information on a particular Military Training Center and the specializations offered there may send this coupon to the center they are interested in, and the requested information will be sent by return mail.

General Antonio Maceo Inter-Branch School of the FAR

This center, founded in February 1963, has had vast experience in the training of officers for the FAR. These are the specializations offered:

a) 4-Year Command Courses

1. Tactical Command of Motorized Infantry Troops
2. Tactical Command of Tank Troops
3. Tactical Command of Military Intelligence
4. Tactical Command of Engineering Troops
5. Tactical Command of Rear Guard Organization
6. Tactical Command of Automotive Troops
7. Tactical Command of Troop Supplies (Provisions)
8. Tactical Command of Troop Supplies (Uniforms)
9. Tactical Command of Technical Units and Use of Fuels
10. Political-Military Command of General Troops

b) 5-Year Engineering Courses

11. Military Mechanical Engineering in Armored and Automotive Technology
12. Military Mechanical Engineering in Engineering Weaponry Machinery
13. Military Construction Engineering of Fortified Works for Troops

Address of Military Training Center:

General Antonio Maceo Inter-Branch School of the FAR  
Box 1  
Caimito - Ceiba del Agua  
Havana Province

General Jose Maceo Inter-Branch School of the FAR

Youths who live in the provinces of Ciego de Avila, Camaguey, Las Tunas, Holguin, Granma, Santiago de Cuba, and Guantanamo may take classes at this center. The following specializations are studied here:

4-Year Command Courses:

1. Tactical Command of Motorized Infantry
2. Tactical Command of Tank Troops
3. Political-Military Command of General Troops

Address of Military Training Center:

General Jose Maceo Inter-Branch School of the FAR  
Box 493, El Caney Highway  
Santiago de Cuba Province

Commander Camilo Cienfuegos Artillery School of the FAR

This center has more than 25 years of experience in training officers for the FAR. Specializations studied here are:

a) 4-Year Command Courses

1. Tactical Command of Ground Artillery
2. Political-Military Command of Ground Artillery Troops

b) 5-Year Engineering Courses

3. Military Mechanical Engineering in Artillery and Infantry Weaponry
4. Military Mechanical Engineering in Reactive Projectiles and Munitions
5. Geodesic Military Engineering
6. Phototopographic Military Engineering

Address of Military Training Center:

Commander Camilo Cienfuegos Artillery School of the FAR  
Box 7034, East Havana  
Havana

General Carlos Roloff School

a) 4-Year Command Courses

1. Tactical Command of Communications Troops
2. Tactical Command of Chemical Defense

b) 5-Year Engineering Courses

3. Military Radio Communications Engineering
4. Military Chemical Engineering in Chemical Defense Weaponry and Protective Devices

Address of Military Training Center:

General Carlos Roloff School  
Box 8, San Jose de las Lajas  
Havana Province

Military Technical Institute

This Military Training Center, founded in 1967, offers the following specializations:

a) 4-Year Courses

1. Tactical Command of Anti-aircraft Artillery
2. Political-Military Command of DAAFAR Troops

b) 5-Year Courses

3. Military Radio Technology Engineering of Weaponry for Anti-aircraft Rocketry Troops
4. Military Radio Technology Engineering of Weaponry for Radio Technology Troops
5. Military Engineering (Mathematics) in Automation of Command
6. Military Engineering in Computer Machinery
7. Military Radio Technology Engineering in Radio Search
8. Military Engineering in Piloted Aircraft (Engine and Fuselage)
9. Military Radio Technology Engineering in Electroautomatic Aviation Equipment
10. Military Radio Technology Engineering in Radioelectronic Aviation Equipment
11. Military Mechanical Engineering in Anti-aircraft Artillery Weaponry
12. Military Radio Technology Engineering in Mobile Radiotechnical Equipment

Address of Military Training Center:

Military Technical Institute  
Avenida 45 and 66-A  
Playa Municipality  
Box 6  
Havana

Naval Academy of the Revolutionary Navy

This center began training officers for the Revolutionary Navy (MGR) in 1959, and has developed a vast experience that is widely recognized. Future officers specialize in the following subjects at the Naval Academy:

1. Navigational Engineering
2. Artillery and Rocketry Weaponry Engineering for Surface Units
3. Weaponry Engineering for Torpedoes, Mines, Countermines, and Anti-submarine Defense of Surface Units
4. Political Military Command of MGR
5. Naval Radio Communications Engineering
6. Diesel Energy Facilities Engineering for Surface Units
7. Radio Technology Weaponry Engineering for Surface Units

Address of Military Training Center:

MGR Naval Academy  
Box 16009  
Playa, Havana

DAAFAR Technical School

At this school technical officers of the Revolutionary Air Force are trained in 2-year courses, in the following fields of specialization:

- Aviation Engine and Fuselage Technician
- Radioelectronic Aviation Equipment Technician
- Electroautomatic Aviation Equipment Technician
- Aviation Weaponry Technician

In addition, at this CEM other technical specializations are studied in 11-month courses for petty officers.

Address of Military Training Center:

DAAFAR Technical School  
Box 16012  
Zone 16 - Playa Municipality  
Havana

8926  
CSO: 3248/90



## SIX-MONTH NATIONAL INSPECTION OF LABOR, SALARY ERRORS

Havana GRANMA in Spanish 23 Sep 86 p 3

[Article by Jose M. Norniella]

[Text] All the enterprises in the country will be reinspected between 1 October and 31 March in order to determine whether they are complying with the measures taken to eradicate labor and salary irregularities. The measures were recommended during the visit of last June and July.

This announcement was made by Enrique Gutierrez, first vice-minister of the State Committee for Labor and Social Security (CETSS), during a meeting held on Saturday in that capital. The meeting was attended by the chiefs of the labor and salary offices of state agencies and people's government organizations, inspectors of the CETSS, and leaders of the Central Organization of Cuban Trade Unions (CTC) and its member unions.

The reinspection of the enterprises, because it was in enterprise activity that the most serious labor and salary errors were detected, will follow a plan drawn up in each province to give priority to the enterprises that are most important to the national or local economy, and to those where the most deficiencies have been found in the application of this particular legislation.

It is estimated that each reinspection will last an average of 10 days, because it will be necessary to go through many documents in great detail. This is a major effort aimed at improving the organization of labor and salaries so that the lofty goal of boosting production and productivity efficiently can be achieved.

Today more than ever, during this adverse economic-financial situation, we cannot afford to waste a single cent in wages to stimulate idleness and uselessness on the job. This is what happens when there is no specific response in the form of more production or services, with higher quality and lower costs. If we do not achieve this objective, we will never be able to emerge from underdevelopment, or have well-supplied markets as we all desire, or do away with the rationing of some services and products.

But this great effort requires substantial support and aid from all the agencies of the Central State Administration, the People's Government, the Trade Union Movement, and each and every workplace that will be inspected.

#### How Can Enterprises Help?

The most important aid that can be given the inspectors should come from the visited enterprise itself. Certain jobs must be done, and certain data must be obtained to make it easier to inspect labor and salary matters, with personnel from the enterprise.

When the inspectors arrive, the payrolls and pre-payrolls must be presented for all pay categories corresponding to the months of July, August, and September. But the information must be broken down according to each worker's pay description, job classification, position, and pay scale.

The inspectors will also need the roster of employees and the procedure for calculating the labor and service staff, pursuant to Resolution 2546, as well as that of the enterprise's management structures and its corresponding base pay, pursuant to Resolution 4855.

In addition, the inspectors must be shown all the provisions that are applied in the enterprise with respect to the organization of labor and salaries, compiled in an orderly fashion; the lists of standards that are applied, their correctly classified registrations, their files, and the enforcement of them; the plan to standardize labor; and copies of all checks issued during the quarter.

The record or report of the previous inspection, the list of measures, and an analysis of compliance with them must also be available.

And all of this documentation must be ready for when the inspectors arrive. They will hold an initial meeting with the Board of Directors of the enterprise to explain the objectives of the visit and to learn what facilities are available to them. They will also hold a final meeting with the board to present the results of the inspection and to leave the list of measures.

#### Reinspections to Be State-Oriented

At the meeting, Lazaro Dominguez of the CTC National Secretariat explained that, unlike the previous inspection, which was mass-oriented, this one will be directed by the state. This implies that there will be very strict requirements for solving problems and adopting corrective measures (sanctions) against those responsible for violations. At the same time, he indicated that the trade union movement will lend its total support to this extremely important task at all levels of its leadership.

It was stressed that applying measures without prior consultation, as when officials committed the serious error of limiting wages to 120 percent compliance with the standard, leads to consequences such as reduced production and productivity.

The problem does not lie in placing an artificial ceiling on wages, said Gutierrez, but rather in revising standards, enforcing legislation in this area, moving gradually from elementary standards to semitechnical and technical ones, and eliminating the bonus systems which are no longer in effect and are still being followed irresponsibly, contrary to all guidelines that have been handed down on this matter in recent months.

It is estimated that some 300 enterprises will be inspected throughout the country in October.

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## POOR SUMMER PRODUCE HARVEST DUE TO NEGLIGENCE, WEATHER

Havana GRANMA in Spanish 23 Sep 86 p 3

[Article by Aldo Madruga]

[Text] Caibarien—Judging by the images that assaulted the senses, one could say that the 4th National Vegetable Plenum, held in this city, was a good opportunity to come into contact with a rich and detailed sampling of the deficiencies, violations, and ills that plague the cultivation of crops such as tomatoes, onions, and garlic, and in some cases, the problems that are common to all non-sugar agriculture.

The extremely low yield of the tomato crop in the season just finished was reported at the meeting. The total harvest was 2,637 quintals per caballeria nationwide. It was mentioned that the planting period is not fully utilized in garlic production, and that weeds and diseases are not controlled as well as they should be. In addition, negligence of various types was cited in the harvest phase.

With regard to onions, it was reported that sales to the state during the 1985-86 season dropped 45 percent below the previous year's total because nearly half the planting was too late (in December), and in 11 percent of the areas it was done completely at the wrong time.

The pimiento export plan was not fulfilled because of the destruction of Hurricane Kate, but serious problems were also detected in the chain of handling this product for export after processing.

The special vegetable-growing areas, with the exception of those in Villa Clara, did not meet their assigned objectives. In general, the results are very poor, and the whole problem lies in the failure to grasp the technology and control the resources that are used, it was reported at the meeting.

It was sad to realize that with the resources and guarantees that exist for tomato growing, the harvest could have been three times greater than it was. Moreover, 30 percent of what has been harvested over the last few years has been lost because of the poor organization of labor, the lack of containers, deficient distribution in the retail network, and low manpower productivity.

In short, the plenum was full of well-documented examples of the unexploited potential of the different vegetable crops because of the use of traditional work methods, the failure to master agrotechnology, and negligence.

The provinces of Villa Clara and Havana reported the highest tomato yields, with more than 4,200 quintals per caballeria, and enterprises such as 19 April, Maximo Gomez, Lenin, Manacas, Arimao, El Mambi, and others reported very good results as well.

In garlic, onions, and other products there were also some entities that managed to do an efficient job.

The discouraging results of the recently completed harvest have not prevented the Ministry of Agriculture from proposing a 14-percent increase in the production of vegetables for the 1986-87 season, which would bring the country's total to 13 million quintals.

How will this goal be attained? Judging by the speeches and addresses presented at the meeting, the applause, the critical analyses, the work guidelines for the next campaign . . . everyone is aware of what the mistakes have been, what path should be followed, and what should be done to avoid repeating the technical and organizational deficiencies.

We have merely to convert words into deeds and actions, which is a difficult and complex process, but without it meetings like this would be of very little use.

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## SUGAR RECOVERY FROM HARVESTED CANE AT 'WORRISOME' LOW

Havana GRANMA in Spanish 9 Oct 86 p 2

[Article by Juan Varela Perez]

[Text] The national economy failed to recover 150,000 tons of raw sugar in the last harvest because molasses losses exceeded standards. This volume is more sugar than some of our large mills processed in 1986.

Not all of the saccharose contained in sugarcane is converted into sugar in the industrial process. Part of it is lost with bagasse, mud, molasses, or various treatment phases which the juices undergo.

The operation of evaporators, sugar pans, crystallizers, and centrifuges is a key factor in the "leakage" of sugar through molasses. The amount of leakage depends on how many molasses-forming elements the raw material contains and whether or not they are eliminated during previous stages of the process. Old cane (that which is milled 3 or more days after being cut) increases losses through molasses.

A recent study proved that in recent years industrial efficiency, meaning the amount of sugar recovered from the cane, has declined to worrisome levels.

The statistics and assessments made by technicians at the Sugar Ministry all point to the increasingly adverse influence of molasses losses. One figure tells the whole story: If the losses in 1986 had been similar to those of 1981, 158,700 additional tons of sugar could have been produced.

Although the problem is widespread, six provinces face the most serious difficulties: Havana, Matanzas, Cienfuegos, Sancti Spiritus, Ciego de Avila, and Santiago de Cuba. In 1981, the latter province suffered molasses losses of 7.05 percent (one of the best results in the country), compared to 11.30 percent this past campaign, the second-worst level.

Some sugar mills have yielded almost incredible results. While Bolivia allowed 19.64 percent of the potential sugar to slip away in molasses, Reynold Garcia, for example, had losses of only 5.51 percent, and Havana Libre, 5.15 percent.



Other sugar mills that have extremely serious problems are Julio Reyes Cairo, Ruben Martinez Villena, Grito de Yara, Ciro Redondo, Batalla de las Guasimas, Cuba Libre, Panama, Victoria de Yaguajay, Treinta de Noviembre, Humberto Alvarez, Brasil, Primero de Enero, Nicaragua, Sierra de Cubitas, Jesus Suarez Gayol, Venezuela, Australia, and Guatemala. Their losses ranged between 11.60 and 15.77 percent. Bolivia appears to be the exception to the exceptions. Cienfuegos, Sancti Spiritus, and Guantanamo are not represented in this group.

The plan called for 8.36 percent molasses losses in the last harvest; the actual figure was 10.23 percent. At the end of the 1981-85 5-year period, the average was 8.99 percent.

The Sugar Ministry is the first to admit this situation, and it is not sitting on its hands. To confront this problem, early on it began a program of measures aimed primarily at eradicating the subjective causes, manifested in indiscipline in both industry and agriculture.

Factors mentioned include instability of milling, deficient alkalization, running mixed juices, weak cane syrup, peaks of evaporation in the sugar pans, dirty pans, low Brix readings, poor crystallization, deficiencies in the crystallizers, operational violations in the centrifuges, delayed maintenance, and little technical control.

The violations in the harvest phase consist of poor scheduling of cutting, excessive burning, abundance of extraneous materials, old cane, and instability in the loading of the cane.

The consequences of Hurricane Kate may have tipped the scale. But how can this phenomenon be explained in sugar mills in provinces that did not suffer any damage from the storm? On the other hand, in areas that were hit hard by the winds, which blew the cane around, knocked it down, and sometimes broke it, there are sugar mills that reported magnificent yields and results that deserve applause.

Moreover, this problem has been on the rise since 1982, when recovery rates began to drop steadily. There is a cure, however, a radical one.

#### Provinces with Highest Molasses Losses

	Molasses Losses		
	1981	1986	% Increase
Havana	6.36	9.78	53.8
Matanzas	8.51	10.54	23.8
Cienfuegos	6.84	8.50	24.3
Sancti Spiritus	7.84	9.84	25.5
Ciego de Avila	9.97	12.38	24.1
Santiago de Cuba	7.05	11.30	60.3

Some of the measures on which work has begun for application in the next harvest are:

Proposal, discussion, and approval of the loss factors, principal operational standards, and other efficiency indicators; establishment of a graphic control record of daily pan work, which will reflect operations in the area; implementation of a 10-year cleaning cycle for molasses and cane syrup tanks and evaporation pans, which will be controlled by the shift delivery model; equipping the laboratories with columns that are now in the country to measure polysaccharides; and the use in all laboratories of aerometrics to measure dense products and intermediate molasses. This is very important for the reliability of the sugar mill: standardization of the process control system, analysis sheet, and the frequency of these in direct target sugar mills, and consolidation of the so-called "piloting" in final molasses. Two sugar mills have been selected in each province for this purpose, and in some of them this task is far behind schedule.

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## BRIEFS

NATIONAL INCOME SURVEY--Havana--The national survey of income, retirees, and pensioners will begin today, 1 October, and will last until 31 October. Interviewers will visit approximately 22,000 homes in the various territories of the country. The objective of this effort is to compile statistics on the people's standard of living, and for this purpose it is necessary to determine the monetary income people receive from work, breaking down the different sources of income in the state and private sectors. The income received from the finance and credit system, self-consumption, income in kind, and other types must also be determined, differentiating between the state and private sectors. The labor characteristics of the population receiving income from social security and social assistance will also be surveyed. This type of data compilation aids in making comparisons between the monetary income and outlays of the population, and enables officials to monitor the transfer of cash among the various social groups, as well as self-consumption and income in kind. [Excerpt] [Havana GRANMA in Spanish 1 Oct 86 p 5] 8926

TEENAGE MARRIAGES CAUSING CONCERN--"Each year 25,000 marriages between teenagers take place in our country, which is a source of concern because of the consequences that early pregnancy can bring," stated Monica Krausse, coordinator of the National Sex Education Group, speaking at the 2nd National Nursing and Obstetrics-Gynecology Conference. The meeting was held recently in Guira de Melena, Havana Province. Present were obstetrical nurses from Camaguey, Ciego de Avila, Sancti Spiritus, Villa Clara, Cienfuegos, and Havana (city and province), the latter being the host province. The purpose of these events is to develop and train obstetrical nurses for the key role they play in maternal-infant affairs and field work in polyclinics and hospitals. Dr Miguel Sosa, president of the Cuban Society for the Development of the Family, stated that the greatest concern is the psychosocial development of the child of a teenager, given that pregnancy during this period of life always has an unfavorable outcome in its consequences for both mother and child. Some of the papers presented by the participants were: "Knowledge of Contraceptives Among 9th Graders," "Participation of the Obstetrical Nurse in Family Planning," "Sex Education Knowledge Among 100 Students at the Josue Pais Pedagogical School in Ciego de Avila," and "Results of Early Sexual Relations Among Teenagers." [Excerpt] [Havana GRANMA in Spanish 7 Oct 86 p 2] 8926

CSO: 3248/88

NEWSWEEK REPORT ON CONTRA TRAINING DENIED

Guatemala City EL GRAFICO in Spanish 4 Nov 86 p 5

[Text] The president of the National Defense Commission of the Congress of the Republic, Deputy Ricardo Gomez Galvez, yesterday dismissed the possibility that Nicaraguan "contras" will be trained on Guatemalan territory, and he said that if this should occur, it would mean becoming a "belligerent in the conflict."

When asked about a report carried in NEWSWEEK magazine, published in the United States, Gomez Galvez said that the policy of active neutrality adopted by the Christian Democratic government would create obstacles to participation in activities of this sort.

NEWSWEEK said that Guatemalan territory would be used by United States Army instructors for training a force to combat the Sandinistas.

"In principle, what NEWSWEEK reported would have to be termed pure speculation and conjecture," Gomez Galvez said, "because the conditions required for such training do not exist."

He went on to add that a policy of this sort, in other words allowing the training of a foreign army on our territory, would in strictly juridical terms mean becoming a belligerent in the conflict, which would require decisions not only by the executive branch, but by the Congress as well.

Who would have to make such a decision? Gomez Galvez reiterated that this would mean involvement in the conflict, such that the decision could not be made by the executive branch alone, since the Congress would also have to share in it.

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CS0:3248/92

## GUATEMALA

### DEPUTY SIMONS HEADS MLN BENCH IN CONGRESS

Guatemala City PRENSA LIBRE in Spanish 2 Oct 86 p 8

[Excerpt] Deputy Juan Carlos Simons has been chosen to head the bench of National Liberation Movement (MLN) party deputies in the Congress.

He replaces the previous representative, Obdulio Chinchilla, who has been brought before the disciplinary court of the party for violating its norms.

#### Telegram

The head of the court of honor sent a telegram to the president of the Congress of the Republic yesterday informing him that Simons, who was deputy leader of the bench, will temporarily serve as the leader of the bloc.

#### Court Hearing

The president of the MLN court of discipline and honor, Marta Martínez del Rosal de Flores, announced that the court panel has been convoked and Deputy Chinchilla has been summoned to attend a hearing at 4 pm next Friday at the party headquarters.

The national executive committee of the MLN, she added, has brought Deputy Obdulio Chinchilla before the court for disciplinary violations.

The court met day before yesterday and as a first step, agreed to remove the defendant temporarily as leader of the bench and to issue him a summons to attend the Friday session to explain his violations of the established rules.

The penalty to be imposed after he has been heard, Mrs de Flores added, might be a verbal or public admonition, temporary or permanent suspension, or expulsion from the party.

The court panel, apart from Mrs Martínez Del Rosal de Flores, includes Estuardo Nunez, Dr Carlos Cifuentes, Giovani Estrada Zaparolli and Capt Felipe Villegas Herrera.

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CSO:3248/92

## BRIEFS

NEW TAX ANNOUNCED--As of 15 October, the Central American Import Tax (DICA) will go into effect. It is a mechanism to encourage not only the economies of the countries in the region, but trade relations as well. This announcement was made by Minister of Economy Elizardo Sosa Lopez, who emphasized that the approval of this measure was announced at a meeting of the Monetary Council of the Bank of Guatemala yesterday. This official expressed the view that the approval of the DICA will promote dealings among the five Central American countries and make them more flexible, "because this is a safe and reliable document." In another statement, Sosa Lopez said that the government has adopted several mechanisms designed to halt the spiraling inflation of some prices for popular consumption items "with positive results. Within a reasonable time," he said, "the economy of the country will be stabilized and strengthened." However, he warned that this is a very complex matter, and that causes and effects should be identified objectively by the parties involved in the productive process. [Text] [Guatemala City PRENSA LIBRE in Spanish 2 Oct 86 p 2] 5157

CS0:3248/92



## SOCIAL DEMOCRATS SEEK FORMATION OF NEW PARTY

### PSDH Organizers Meet

San Pedro Sula TIEMPO in Spanish 3 Nov 86 p 8

[Text] A second attempt to form the Social Democratic Party of Honduras (PSDH) was made in San Pedro Sula last weekend.

Eight years ago, in August, this city was the scene of an initial attempt to give life to a political organization with international ties to democratic socialism.

As early as 1966 the ruling Liberal Party, which at that time was under the leadership of its most innovative faction, decided at a convention to make a shift toward the democratic left. During those days, the social democrats were known as the democratic left in Latin America. But nothing came of the effort.

The first time anyone tried to organize the social democrats under the same banner was when the Revolutionary Party of Honduras (PRH) was formed, with the intellectual support of former Guatemalan Foreign Minister and Deputy Alberto Fuentes Morh and of Aristides Mejia, an official of the International Labor Organization. The latter has close ties with the U.S. labor movement.

Leaders of the Confederation of Honduran Workers (CTH) and the National Association of Honduran Peasants (ANACH) were among those promoting the founding of the PRH, but after 8 years it is still a paltry movement.

Inspired by the slogan "New Fatherland," the leadership of the Innovation and Unity Party (PINU), the ANACH, the CTH, and one sector of the Revolutionary Democratic Liberal Movement (M-LIDER), that of Jorge Arturo Reina, are resuming the struggle to form the PSDH.

The efforts of Honduran organizations and citizens of the social democratic persuasion to breathe life into the PSDH are being supported by the ruling National Liberation Party of Costa Rica, the Democratic Socialist Party of Guatemala, and the ruling Democratic Revolutionary Party of Panama.

In the initial talks aimed at forming a structurally new and updated party were attended by retired Gen Walter Lopez Reyes, the latest presidential contender to step into the ring, and attorney Francisco Rodolfo Jimenez Caballero of the PRH. Neither one was present at the conference on Saturday, however.

As of press time, the PSDH's position on the various aspects of Honduras' situation had not yet been drawn up. Judging by the speeches that were made, especially that of Jorge Yllezcas, this position statement will contain a true and objective diagnosis of the country, its government, and its commitments.

As is usually the case at any meeting of a new opposition party, the criticism was aimed at the government in power, its U.S. allies, the military, the transnationals, and the "Contras."

The secretary general of the CTH, Andres Victor Artiles, stated in his lengthy address that the administration of Jose Simon Azcona Hoyo has been clouded by his own fellow party members in less than a year, after they launched a political campaign to take over the party as a first step toward winning the presidency. There are at least five presidential hopefuls who are working for their own advancement from within the government.

Irresponsible politicians have neutralized any accomplishments Azcona could have made, asserted Artiles, and are preventing the chief executive from fulfilling the most modest expectations of the under-privileged sectors of our society.

After Artiles spoke, there were several more speeches, including that of Yllezcas.

Ideologically, announced Jorge Yllezcas, social democracy draws its inspiration from the Mexican Revolution, and from the earlier Movement of Cordoba, Argentina, when the university won its autonomy. From that movement emerged the most noted democratic socialist thinker on the continent, Raul Haya de la Torre.

Jorge Yllezcas explained that the Honduran social democrats do not need to turn to the Communist Manifesto written by Karl Marx and Frederick Engels in 1848 for inspiration, because Honduras already had the David Manifesto before that, written by Francisco Morazan.

"We do not need foreign ideologies, because we Hondurans have that of Ramon Rosa, and we do not need another general, because we have the greatest general of free men, Jose Trinidad Cabanas," stated Yllezcas.

Yllezcas denounced the United States of America for occupying Honduras economically, militarily, and culturally, and condemned the domination of the country's social, economic, and political life by six transnationals which have diversified into 60 companies.

Yllezcas, an astute analyst and researcher, stated that the Honduran public administration cannot be efficient because that would not serve the interests

of the sectors that control it: the military, the United States, and the private sector.

He said that he does not believe in the Caribbean Basin Initiative (ICC), because it is being used by the same people who used the Kennedy administration's Alliance for Progress, "and they have not solved any of our problems," he argued.

He predicted a gloomy future for the peoples of Central America insofar as forceful means are used to solve the political crisis. "We Hondurans are running out of time," he contended, "to be able to make the necessary social, economic, and political reforms that inspire the formation of the PSDH."

"In Guatemala and El Salvador, the Christian democrats and the social democrats are no longer alternatives," asserted Yllezcas. And he added that in Honduras there is still time to forge a better destiny.

As for the Honduran military, Jorge Yllezcas stated that it has just one alternative: "To kick out the invaders, or to join them to massacre its own people."

#### PHOTO CAPTIONS

1. For the second time, a serious step was taken toward forming the Social Democratic Party of Honduras. Among the politicians who attended the meeting were those seated at the head table: Jorge A. Reina, Enrique Aguilar Paz, Luis Lagos (president of the ANACH), Alexandro Ballesteros of Panama, Miguel Andonie Fernandez, German Leitzelar, Jorge Yllezcas, Ricardo Alvarado Ortigoza of Guatemala, Manuel Carballo of Costa Rica, and Sosa Navarro.
2. More than 1,000 people attended the First Social Democratic Conference.

#### PSDH Declaration Scores Government

San Pedro Sula TIEMPO in Spanish 4 Nov 86 p 9

[Text] "The Honduran Government has become incapable of defending its sovereignty, the national identity, and respect for the principle of non-intervention, and this has turned our country into a nation occupied by foreign armies."

This paragraph is taken from the text of the first declaration of the Honduran Social Democratic Party, which is now being formed. The declaration is signed by the organizations and Honduran citizens who identify with this movement.

The joint declaration states that the economic crisis in the country is the result of its dependency on foreign powers and a model of production that distributes profits unjustly and creates a situation of unemployment and growing foreign indebtedness.

It also points to a social crisis arising out of the very nature of the economic model, which is characterized by the unjust distribution of property and income, as manifested in severely deteriorated living conditions among the Honduran people in terms of nutrition, health, housing, education, and public services.

The statement indicates that there is a political crisis characterized by a state structure that is incapable of creating a truly democratic system based on respect for human rights, ideological pluralism, and genuine popular representation.

It goes on to accuse the Honduran Government of being unable to defend its sovereignty and the national identity, and of failing to respect the principles of self-determination and non-intervention. As a result, the country has become a nation occupied by foreign armies in the context of a foreign policy which is subordinated to the economic, political, and military interests of the United States.

The document also blames the National and Liberal Parties for this state of affairs, calling them conservative and alleging that they are political tools of the dominant internal and external economic groups.

The social democrats indicate that the prospects for Honduran society are for an extraordinary increase in unemployment and the denial of adequate housing, health, and diet to the people. This situation demands a patriotic attitude which can only develop in an atmosphere of peace.

The declaration recommends that the Honduran Government apply the principle of neutrality so that the national army can enforce the departure of the forces occupying the country and stay out of the internal conflicts of other countries in Central America.

It also cites the urgent need to reorient international relations in the political and economic spheres, based on respect for national integrity.

The joint declaration by the social democratic forces of the country was signed by German Leitzelar, Jorge Illescas, Luis Lagos, and Jorge Arturo Reina, representing the PINU, the PSDH, the ANACH, and M-LIDER, respectively.

#### PSDH Viewed as Viable Alternative

San Pedro Sula TIEMPO in Spanish 4 Nov 86 p 6

[Text] The various groups of the social democratic persuasion met over the weekend in San Pedro Sula, and it is clear that they are aware that the present situation favors a combination of forces that could even end up forming a new political party in Honduras.

The presence of representatives of the Innovation and Unity Party (PINU), of M-LIDER (the Liberal faction headed by Jorge Arturo Reina), the Honduran Social Democratic Party (which is now being formed), and the most important worker-peasant organizations in the country, the Confederation of Honduran

Workers (CTH) and the National Association of Peasants (ANACH), makes this group worthy of consideration.

The organizers of this "New Fatherland" Social Democratic Political Conference claim that their motives for holding the meeting are to create a social democratic movement that will contribute to the solution of national problems, and then to build a political framework for participating in future general elections.

There is no doubt that these are ambitious objectives, but they come at a time when the nation needs some political guidance to overcome the confusion and lack of nationalism, aggravated by the absence of effective leadership in the traditional Liberal and National Parties.

In this regard, the combination of these political groups that adhere to the social democratic line is certainly an important development, given that it provides an alternative to an ultraconservative and authoritarian connivence between the leaders of the traditional party, as manifested in the well-known "Little Pact" of National Unity (PUN) whereby power is shared (to the benefit of the National Party more than the Liberal Party). The two parties plan to extend this collusion into the next presidential term.

Moreover, the newly-formed social democratic movement advocates, according to the joint declaration issued after the meeting in San Pedro Sula, a nationalist position, in the correct sense of the word. This will give our country the ability to regain its own independence, and thus to articulate domestic and international policies that serve Honduran interests better.

This is made very clear by the declaration's emphasis on the degree of submissiveness and betrayal that Honduras has displayed in its response to the United States' policy on Central America, which at this point has us on the verge of a disastrous war throughout this entire hapless region.

The attitude of the Liberal and National deputies in the legislative assembly has been to ignore the problem entirely. The previous administration was the same as this one, which proves that there is a lack of real understanding of the implications this war would have for Honduras' future, and even more so a lack of political will to take any action to protect our people.

The most tangible evidence of what is going on can be seen in the recent actions of National Party Deputy Nicolas Cruz Torres, who introduced a bill to expell the "Contras" from Honduras as a means of preventing a tragedy that has already dug its claws into the population along the border with Nicaragua, and is about to drag all of us into the disaster.

His own party's immediate reaction was to repudiate this initiative. Then it orchestrated an accusation of collusion with Nicaraguan communist interests and alleged a disinformation campaign financed by the Sandinists in Honduras. Cruz Torres' initiative was supposedly part of this campaign.

So if the traditional political parties and their most conspicuous representatives show their irresponsibility, lack of patriotism, and political and moral insensitivity by turning their backs on our plight and furthermore create a leadership vacuum, it is logical that someone will seek to fill it. Apparently, the alternative is beginning to take shape.



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